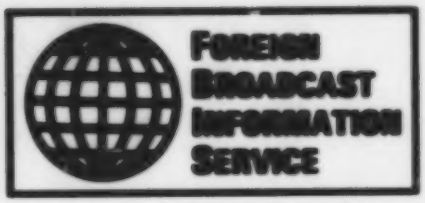

Daily Report

Latin America

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FBIS-LAT-93-249 *30 December 1993*

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Brazilian Minister: Mercosur Facing 'Hour of Truth'

PY2912154393 Madrid EFE in Spanish 1924 GMT 27 Dec 93

[Text] Brasilia, 27 Dec (EFE)—Brazilian Foreign Minister Celso Amorim said today that the Common Market of the South (Mercosur) is facing its "hour of truth" one year from the deadline for becoming a free trade and common duty zone.

The four partners in the economic group, Brazil, Argentina, Paraguay, and Uruguay, are coordinating their "sensitive" economic areas and their specific interests through an intense negotiating process, the Brazilian official said. "We are reaching the hour of truth in various aspects and sensitive areas which do not only affect us; it is not only Brazil that has protectionist interests," Amorim said.

The foreign minister said that during the Mercosur "summit" in the Uruguayan city of Colonia on 17 January the four presidents will discuss the progress made by the 1991 integration mechanism, and will establish guidelines for the future.

Amorim said that Brazil is exploring the possibility of extending the free trade zone that will enter into effect in the Mercosur area as of 1 January 1995 to other South American countries.

Regarding the complicated negotiations for determining the index of tariffs on imported goods that the Mercosur will impose on other nations' or economic blocs' products, Amorim said: "They are not easy, but we are making progress."

A decision on the matter had to be adopted before 31 December of this year, but it was postponed and will now be possibly settled by next June. We still do not have a definition on tariffs affecting 15 percent of the products, diplomatic sources said in Brasilia.

The use of indexes in the areas of computers, electricity, and industrial equipment and machines has created a major controversy between Brazil and Argentina, the two main Mercosur partners. The two countries are negotiating import tariff rates of around 12 percent, for implementation by 2001, in the three areas that are still pending, diplomatic sources told EFE. The details of the negotiation are confidential, and the values that will finally be imposed will depend on political considerations between Argentina and Brazil, the sources said.

Eighty-five percent of the tariffs on the importation of products from countries or blocs outside Mercosur—the rates go from zero to 20 percent—have already being established, and will enter into effect on 1 January 1995. An index of 20 percent will by imposed on certain manufactured products in order to protect local firms in the four Mercosur countries.

Tariff preferences within Mercosur will affect 82 percent of all products traded as of 1 January 1994, when the list of protected products in each country will also be reduced.

Cuba

Castro Addresses 28 Dec ANPP Session

FL2912195593 Havana Tele Rebelde Network in Spanish 0001 GMT 29 Dec 93

[Address by President Fidel Castro to the morning session of the National Assembly of the People's Government, ANPP, on 28 December at the Convention Center in Havana—recorded]

[Text] That figure was made up by someone, so I asked. There are 125,000 or 135,000 registered workers; but a comrade, I do not know why, during a international news conference answered 500,000. It was his estimate. We do not know how far it can go. It all depends on many factors. The problem is going to come later when we begin to need that work force once the special period is behind us.

[ANPP President Ricardo] Alarcon, I believe that we ought to keep in mind Lazaro's [Deputy Lazaro Barredo] statement as a thought that he has brought up in all honesty on how he views the ideal way. Now, we would have to begin discussing all this. We are not going to discuss a theory here, but it is a subject that deserves discussion. This was his opinion on a better way to provide these services we are talking about. Therefore, it does not interfere at all with our discussing approval of this decree law.

Anyhow, it seems appropriate to me to have discussed it even if we get behind schedule. In the end, these are concrete problems. The other issue is going to be more abstract. It is related, however, to some of the things we have discussed here.

It appears to me that the comrades have reached varying conclusions about their concerns and have brought up real problems. It seems to me that to round up this issue we could add a few more elements.

zFirst: As Panchito [not further identified] said, self-employment already existed. It was approved, regulated, and limits removed. I remember that during the rectification process there was a certain control and limitation placed on self-employment; it was left at that level and no new permits were issued. Later, in the discussions that preceded the last Communist Party of Cuba [PCC] Congress, the issue of self-employment was brought up again because new needs were beginning to surface. We were going to hold the congress. On the eve of the beginning of the special period, this issue was looming; it was brought up again as something that might contribute to the solution of certain problems connected to the circumstances the special period was bringing. We also must remember that for a long time we lacked a labor force in many activities. Self-employment could have competed for the thousands of workers we needed in the textile industry and many other industries; the country was experiencing a labor shortage. We are not going to analyze the reason, now. That is another issue: excess personnel, bloated rosters, etc. We could list a number of factors as the cause of the labor shortage, but that deficit was real and there was a concern that self-employment might compete for the labor force we needed in the economy in general.

I am not referring to unemployment [desempleo]. There has always been a certain rate of unemployment, but we had numerous activities lacking a work force and areas in which people were not interested in working. We lacked jobs for people in the areas they wanted. It is not like capitalism, where people find themselves up against the wall, die of hunger, get no medical care or education, and many times have no choice but to accept any job.

At the PCC Congress we discussed this in depth. At the PCC Congress the policy of advocating self-employment was approved; rather than being advocated, it was authorized, approved, and regulated. It was an accord of the PCC Congress that had not been implemented. The people often asked when this PCC accord regarding self-employment was going to be implemented. At the same time, the problems of the special period were becoming more acute. At the same time, an excess work force was emerging. We did not have jobs to give them. Unemployment [desempleo] subsidies were created, up to 60 percent when employment could not be guaranteed. It became obvious that we had to go ahead and make the decision regarding self-employment and that there were many needs that could thereby be solved.

Of course, before all this there was trafficking in illegal goods [meroliquismo]. It has been described here as a social phenomenon. The illegal street vendors did many things and always have. In some cases they even tried to set up factories. They stole equipment from here and there. Some of them had bars and restaurants before this decree law was approved.

There were irregularities and inefficiencies in the services to the population; theft, corruption, bribery; people who would stash away spare auto parts—when we still had them—not fix the vehicles and then do it on their own. All these signs of social indiscipline already existed. I know of many cases where television sets were not repaired. They would steal the spare parts then charge more to fix the TV set on their own.

There was a time when we tried to provide many services through the People's Governments. We have to say that the People's Governments, especially many People's Councils after their creation, developed solutions for collective services to the population: supplies, shoe repairs, and all that. This was done nationwide.

I do believe that there are collective solutions to the problems, that there are socialist solutions to the problems, even services. I believe so. It all lies in design and organization. I remember that for a time, the People's Governments strongly resisted relinquishing certain state services. For a while there was discussion of relinquishing state-run beauty parlors and other services, which certain comrades advocated. We encountered very strong, base-level resistance in the People's Governments on this issue.

We must distinguish between normal and abnormal situations. We are not experiencing a normal situation. We are

experiencing a highly abnormal situation. I do not want to imagine what would happen here under these conditions if, for example, the idea of relinquishing state-run grocery stores had been implemented. How could we guarantee this service today? Which would be worse under conditions like these: grocery stores run by the People's Governments or grocery stores run by private managers? If, instead of being managed by the state, many of these services were managed by private hands, under these circumstances?

I do not agree with the comparison between the Basic Cooperative Production Units [UBPC] and the cooperatives being proposed, as I understand them. These are two very different things. Agrarian cooperative production has a long tradition within the revolutionary movement. In Cuba, the cooperative has a long experience that has yielded the positive results we discussed yesterday. We had a good base and experience on which to establish the UBPC.

We can add here that the state was not successful in the administration of large agrarian enterprises. We can also add that in capitalism, the trend is toward large agrarian enterprise production. We could add that Mexico will not be able to compete with the United States in corn production and that with NAFTA, according to the experts, corn production will eventually disappear from Mexico. The corn consumed in Mexico will come from the United States simply because they have large-scale, highly mechanized farms.

Our Revolution developed in agriculture on the basis of the large enterprises or estates the capitalists had in Cuba and the mechanization of large-scale production. Our socialist state was not capable of organizing and efficiently developing that large-scale production. Many efforts were made. We have said this before.

The great plans conducted here, the great plans [repeats] were carried out through state enterprises. The citrus plantations established here, among the largest, were established by state enterprises. The basic cattle plans were carried out by state enterprises. At one point, Havana was producing 1 million liters of milk a day, in contrast to a current special period production of less than 200,000 liters. Production was grounded in an efficient technological base. Sugarcane production reached 8 and 8.5 million tons of sugar. All the large cattle plans were implemented through the state enterprises, including reservoirs, irrigation systems, and channels. All this could be improved.

I truly believe that large-scale, mechanized production is the trend in the world, even in the capitalist world. They are headed in that direction. They are tending to eliminate the minifarm. You cannot solve any type of problem with minifarms.

However, under the conditions of the special period, I became convinced that our farms—large state enterprises, lacking fuel, supplies, and resources—could not be the mode of agricultural production. Likewise, we could not divide the land into tiny plots—we also spoke about the implementation of the experiences of other countries.

The Chinese have 8 billion people [as heard] in rural areas. They have all the human labor they need for manual production, not mechanized. The Chinese and the Vietnamese have not mechanized their agriculture. By contrast, we have a mechanized agriculture. We cannot do without mechanization in agriculture. If we could relinquish agricultural mechanization we would have a great resource to confront the special period. We have to continue with our combines. We became convinced that it was more important and cheaper to find fuel for the combines we had than to mobilize 350,000 sugarcane cutters, even if it were possible to mobilize so many people under the current conditions: camps, clothes, shoes, resources.

When a country reaches the level of agricultural mechanization that Cuba had attained, it cannot go back. For rice, we had no alternative to continuing with mechanization; even so, we have serious problems with fuel, herbicides, and other resources. We could not solve the rice problem, however, by giving each of 200,000 families one hectare of rice to be tended by hand. If the area to be distributed were that of the Chinese, we would need 800,000 families to tend the hectares of rice Cuba has today. There was no going back. This is why we said: We have to find a solution to the situation for it is impossible to maintain the large enterprise that was one of the greatest, boldest developments and accomplishments of our Revolution and which attained indisputable results.

We spoke here of 501 microjet caballerias of plantain. I want you to know that these 501 caballerias are state-run in Havana Province. Not even the cooperatives could have developed that microjet plantain plan which today constitutes the best prospect for supplying the tubers and vegetables Havana City requires. Working with the best Havana cooperatives, we were able to establish 15 microjet caballerias of plantain. We spoke with the Niceto Perez Farming Cooperative about planting between five and 10 caballerias. I believe the others are the Cuba-Sweden Farming Cooperative and the Cuba-Nordic Countries Farming Cooperative. How many do we have there? Five [caballerias] in each. [Unidentified speaker answers, words indistinct] They do not have five yet. The comrade spoke yesterday of the Cuba-Bulgaria cooperative where we have five and they are planting three more. All together we have been able to plant 15 microjet caballerias in the cooperatives. If the land had not been run by the state, we would never have been able to conduct a program of 500 microjet caballerias in two and a half years.

In Havana Province, potatoes are planted mainly on state lands. There are crops that are difficult. I am a committed defender of what can be achieved through mechanization and technology on large-scale farms. I do not regret in the least what we did. After thinking long and hard however, I was a committed supporter of the UBPC because it seemed to me to be the structure and organization for the current conditions. It made me very glad yesterday to hear so many comrades express such positive hopes on its future. Yesterday we discussed this at length, including during the closing portion of the evening.

Everyone knows what can be achieved with cooperatives. Other countries have done it. Yugoslavia turned everything into cooperatives: industries and factories. During the perestroyka years, much was said about establishing cooperatives. They wanted to turn everything into cooperatives. It acquired a special connotation.

I am also convinced, however, that many services can be turned into cooperatives—many, not all. Many of these services are individual services. If someone wants to clean shoes, it is not easy to organize a cooperative of shoeshiners; nor if one is a plumber or carpenter who works alone. If someone on a bicycle at a bus terminal gives rides, as is done today, it would be very difficult to form a cooperative of bicycle riders who want to transport things on the back of their bikes. To make them pay a tax would also be difficult, as would be keeping tax accounts for each one of them. The messengers that were mentioned here are going to be difficult to organize into a cooperative.

In other words, there are many occupations that are one-man jobs. I believe that there will always be people who have to provide these services in the future. There will be many such activities and we should, to the fullest extent, open the way to make this kind of work possible. There will be other services that can be turned into cooperatives. It all depends on what we decide to do in the future. We should not reject anything that reason tells us is the best formula for solving social and service problems. There are many jobs for which we must find solutions.

Many times I have asked myself. Who are going to be the undertakers of the future? There will always be people to do that job. Who is going to pick up garbage? Developed capitalist societies have people to do all the hard jobs, even in agriculture. They have Third World immigrants to do that. We, the socialists, the revolutionaries, do not unload that job on the shoulders of immigrants but have to do the work ourselves. I have also often asked myself: What will happen in Cuba, where everyone wanted to get a college education, for all the youth to go to college, for our sons to have a college degree? Who is going to work in the factories or do manual labor? In other words, there are a great many problems and tasks still unresolved. They are not the ones we are solving right now. We have very urgent and acute problems now. These are the ones we must try to solve, simply seeking the survival of the Revolution. For every current and future problem there is an infinite number of ideas and theories. As a matter of principle, I do not oppose any, because I do not reject analyzing and discussing any proposed measure.

[Politburo member Carlos] Lage frankly explained here that we should have been more cautious and should not have included some of the things this decree comprises. Even I had many doubts; I debated several things and read this list more than once. I must tell the truth: I missed this etcetera just as all the other comrades did. I believe that the comrade who spoke about the etcetera is completely right. Something plus etcetera means everything. I expressed my doubts, the same doubts that some of you have.

Knowing that we have a harvest of 4.2 million tons that was a disaster for Cuba—I say this in that way, frankly: a true disaster. I wish our problems were these we are discussing here today instead of that terrible blow that meant for Cuba the loss of hundreds of millions of dollars—the 4.2-million ton harvest. I was saying: With a 4.2-million ton harvest, with sugar rationed, with every citizen getting more or less only the amount essential to personal consumption, is there really any great possibility of producing candy? It is unquestionable that the most sugar anyone can stash to make and sell candy is one or two pounds. I have my doubts about this. Where is the sugar going to come from, in the conditions of the special period with its terrible shortages, and with immorality and theft a reality that is reported on television? I had great doubts regarding anything having to do with food.

There is another etcetera: grain, coffee roaster, etc. There is an etcetera here: producer of milk products, cheeses, etc. Knowing that we have a great shortage of milk, that the world market price is sky-high, that production has decreased significantly, that Cuba has to work miracles to provide milk for children up to ages six or seven, that we have had a 4.2-ton harvest, and that we must try to deliver every liter of milk from a mini-, medium, or large dairy enterprise to the children or elderly or anyone needing it, should we then advocate the production of cheese? Cheese to be sold on the street and other places? Yes, I truly had serious doubts. I had already expressed them. You must understand that one does not spend the entire day looking at such lists. This is a long list. But I had serious doubts about the ones I reviewed. I must also add that I place great trust in the comrades working with it. They checked, visited 20 places, studied, and talked with thousands of people. Because I do not have an opportunity to talk with thousands of people, I had serious doubts regarding some of these entries.

One concern of ours which we truly did not want to develop was commerce, simply because, in this country, to authorize trade is to give a political, economic, ideological, revolutionary, and every type of mandate to initiate the path toward capitalism. I believe that there are activities that the state must preserve as much as possible. I acknowledge that socialist commerce requires a chain of stores properly established and developed. I acknowledge that it is difficult under socialism to manage a grocery store. It is difficult. I would not dare to say the last word on what we or those who will come after us will do regarding the management of grocery stores.

Since there are strong capitalistic trends in the world however, I have certain convictions which I will never relinquish. First of all, I have a socialistic conviction: I believe in socialism [applause] and despise capitalism. What I feel is repugnance toward capitalists, not prejudice. I have no prejudice, but repugnance. We have to deal with and talk with capitalists. I have one more thing to add, paraphrasing an old saying: The better I know capitalism, the more I love socialism.

I have such a concept of the garbage, unfairness, baseness, alienation, and immorality that capitalism is in all its

forms, including its politicians. By its nature, capitalism harbors hypocrisy, war, competition. I absolutely believe everything we have said about capitalism. There is a strong trend in today's world to sanctify capitalism.

Today's world will have to be studied because what is coming upon it is very grave for billions of people. Suffice it to say that in 25 years there will be 8 billion people in the world; of these, 7 billion will belong to the Third World. What capitalism embodies for those 7 billion people is truly appalling. I see that all of us, all our media—I discussed some of this with the journalists—have to study today's world and the coming world, the world of transnationals and their empire, and their truly cruel treatment of the Third World. Capitalistic ideas are in style, however. It even seems as though socialists, revolutionaries, and communists are retreating. At times it seems that we fear speaking of socialism, that we are afraid of saying the words Marxist and Leninism; yet, at times, one feels the desire to scream: Viva Socialism! Viva Communism! Viva Marxism-Leninism! [prolonged applause]

We cannot ever make the gross mistakes that have been made in other lands. First, as a matter of principle; second, as a matter of common sense. We have seen the destruction of things that were built with mountains of sacrifice, blood, death, and heroism, all destroyed in the blink of an eye because they let the ideas and influence of capitalism defeat them. They have torn apart all those countries and no future is apparent, anywhere.

As 1994 approaches, we continue the struggle without fertilizers, fuel, gas, power, or anything. This shows what a country can do if it is organized and follows its principles. We have had to suffer incomparably, but we have inscribed an incomparable feat of resistance on the pages of history when all else collapsed. Of course, our ideology took a terrible blow at the global level and within. We have to protect ourselves carefully from all that fanfare and those attempts to sanctify capitalism that dismiss history and everything; dismiss the origins of capitalism and how it developed; what it has, and why; what consumerist societies are; and how such a system has nothing to offer to anyone in the world.

Of course, we must keep this constantly in mind because circumstances have forced us, have forced us [repeats] to seek formulas to adapt to the conditions of the world in which we live. We are assaulted by capitalism from every quarter. We have had to do things that we would have preferred not to do if we could have avoided them. We have had to make concessions, for example, in oil exploration; that is our Achilles heel. We have to search for it. It does us no good if it is found a hundred years from now.

While the USSR existed, we worked at oil exploration with our resources and for our use. Under the current conditions, we have had to reach accords with foreign enterprises for oil prospecting and drilling with highly modern equipment and reasonable hopes of finding it. This is vital for us because, in contrast to the PRC or Vietnam, we have no energy resources other than the cane bagasse used in the mills, which yields some additional energy. We have no large coal deposits, no large hydroelectric resources, no large oil resources. We are searching for fuel resources.

We are doing what must be done under these circumstances without hesitation, without vacillation. We have had to boost activities like tourism without hesitation and without vacillation, despite the great effort it has taken to make the people understand this. Naturally, the people would like to enjoy this resource; but it all has to be sold. We are exporting it. Our beaches and natural resources are being exported. If we had other sources of income, much easier sources such as oil might be and such as certain countries have, we would not have boosted tourism so much. We have had to boost tourism however. We have been seeking other sectors to develop such as the pharmaceuticals industry, biotechnology, and all possible sectors in this extremely difficult world in which it is very hard even to find markets.

There is another thing. Under normal conditions, we would have never decriminalized [currency]. We could have utilized the parallel market, as we used to, to gather the excess money, to open safety valves as possibilities to those who have higher incomes; and according to socialist principles, not communist principles, we established the parallel markets. The parallel markets accrued a lot of money.

This is why we cannot abandon trade. This is one of the reasons why I say domestic trade cannot be abandoned. I say one of the reasons because there is another one. Some of these things can help us renew trade. As a matter of fact, this is happening.

On Saturday we met with the presidents of the administration councils and other party cadres and talked about matters related to tourism, tourist shops, etc. This was one of the issues we discussed. Small shops [tienduchos] and similar places are being opened and they are selling items for convertible currency. This phrase was not used here until Panchito [not further identified] brought it up when he was talking about cars for hire. Well, we already have stores that are competing with the small restaurants or whatever you call them. Restaurants are competing with the small grocery stores. The truth is that the country desperately needs the dollars the small grocery stores are receiving. Everyone knows what happens to the dollars the small grocery stores receives. They are used for food, medicine, cotton for the people. No one knows, however, where the dollars in private hands go.

But I do want to mention something Chavez [not further identified] could expand on. This happened in a Havana neighborhood. A restaurant was opened with 25 chairs and 100 seats, with 25 tables and 100 chairs [corrects himself]. The restaurant had 25 tables, 100 chairs, and a cabaret. [chuckles] Some guy found himself a spot and charged 15 pesos to let the people in. I do not know if he was authorized to do this. Maybe not, but that is the way things were being done. He was as happy as could be until he was told he had to close it up. He charged in dollars, pesos, and what not. He had all the clients he needed. People from abroad would come in and bring friends and even family

along. I have already calculated how much the happy owner was making. He was making no less than 1,000 pesos a day. And this is conservative estimate. At least 1,000 pesos a day. And all this because thing had opened up a bit.

Aha, all sorts of meetings are held in the country. Foreigners, deputies visit the country. There are some people who want us to accept capitalism and have a multiparty system. We have them here in the country as well as abroad. Imperialism wants us to build capitalism and have a multiparty system— total capitalism, capitalism of the worst kind, capitalism Haiti-style. What they want is for us to build capitalism Central American-style—Third World capitalism. They are not offering us capitalism as they have in Belgium, the Netherlands, Luxembourg, Sweden; they want us to have a Third World capitalism and democracy between a thousand quotation marks. That is what they want for us within this new world order. If we did the same thing as the Vietnamese and Chinese, it would not be enough for them, although the Vietnamese and Chinese have carried out audacious reforms. They did this with the sole purpose of saving and defending socialism. We know this because of our relations with those countries. I broached this topic during the Union of Cuban Journalists Congress.

There are many people around the world who want to tell us what to do. One of them once told me, very proudly, with enormous pride, that we had opened 1,500 food stands [paladares]. I do not know why they gave them that name.

[Unidentified speaker] It was picked up from a soap opera.

[Castro] Well, I do not watch soap operas. I do not have time for that. That is the problem I have. Food stands [paladar]? They should be called gastro-enteritis. I wonder what their health is like. [laughter] He must have been exaggerating when he said 1,500 food stands. Chavez, did he exaggerate? Am I correct [name indistinct]?

[Unidentified speaker] No one knows. Not even [name indistinct] knows.

[Castro] Anyone can set a table at his home. Who checks the sacred place we call home to see if one or two tables have been set up? It is difficult to do. We cannot attempt to control that. It is not that easy. We could implement repressive measures; we could check on everyone. But this is not up to us. The people must decide and tell us what they think we should do. I do not really think one or two tables will effect socialism. However, the man with 25 tables and 100 chairs is something else. Imagine what it would be like if we were to give him some space to fly.

Food is another thing. There are some who may say that much food has been stolen or sent to the wrong places. But having foreign currency is no longer a crime and there are stores that could accept foreign currency for the products they sell. If we are not careful they will sell beans, rice, many other basic products, and liquor, and get paid in foreign currency.

I already said that tourism for us is a necessity. Tourism brings foreign currency. During the special periods there were dollars in circulation before the decriminalization was implemented. The policemen had quite a bit of work on their hands. What if we were to ask the police to fight robbers and robbery with the use of force; what if we were to ask the Interior Ministry to arrest, bring to trial, and punish all those who have a dollar on them? There were cases when people paid the tourist's airfare so that tourist could bring them money. And we are not talking tips and whatever. We opened a store in Varadero for the tourist workers to do their shopping. We did this because there were occasions with they would tell the tourist: I cannot do anything with dollars so buy me a pair of shoes or some clothes. This affected tourism. So we opened the store. There was foreign currency all over the place, in Cardenas and all over the place.

There also were peasants or land holders who would-....[pauses] On many occasions we have blamed the peasants;, however, there are many land holders who are not members of the credit and services associations—we have always had them—who would raise pigs in their backyard or on their half hectare, and sell them for dollars.

The dollar was already circulating back then. They always bought at some store. There are stores for technicians, for foreign students, for diplomats where purchases are made in dollars. Stores also exist at the hotels. In one way or another, they would turn their cash into merchandise. Therefore, the decriminalization of foreign currency was an appropriate move, it was an unavoidable move. It was either that or have the police chasing dollars all over the country. You must understand that this was something we could not do. Crime would increase, the police would have more work to do—and they had quite a bit to do with the special period and before the special period. Therefore, we had to implement the decriminalization of foreign currency. What we did is turn the decriminalization of foreign currency into something resourceful for the country. You want to send money. Send it. Send it. Good, then we will have foreign currency stores. For more than 30 years, for the past 35 years we have been rejecting the idea—and it had been proposed on several occasions as something the other socialist countries had—to allow purchases with foreign currency. But the day came when it was unavoidable. We had to have stores where purchases in foreign currency was allowed. It was a necessity.

The decriminalization facilitates many of these activities. For this reason we must be careful. I believe that we must make some concessions, and we are making them. We have had to take some backward steps, but we are taking them. Even during the war backward steps had to be taken. I still recall Batista's last offensive. They advanced for 35 straight days. We were defending our ground inch by inch. Then one day we turned around and advanced. We launched a counteroffensive. In life, war, and revolution there are times when one has to take steps backwards and times when one can go forward. This does not mean that we will forget our idea of perfecting; this does not mean that one day we will take steps backwards in areas such as

self-employment, or that we will nationalize the mixed enterprises we have created. No. We have to be serious people and we must abide by our commitments and obligations. If we tell someone to invest in the country and we give you every necessary guarantee, then that is the way it will be, no matter what happens. We will never go back on our word. These people trusted us in these difficult times. We have reached agreements and we will respect them.

We would love to see all our oil belonging to us, but that is not possible. We will have to share our oil with those who have invested. We would love to see all the hotels being ours, but that is not possible. What little money we have we must use for other things. We must share our beaches and our natural resources with foreigners. We will respect our agreements to the end. We will be a serious country; there will be no country more serious than ours. We are defending revolutionary power however, we are defending proletarian power. [applause]

In theory, this is nothing new. Back in 1917, Lenin suggested the construction of capitalism, hear me well, not socialism, construction of capitalism under the leadership of the people. The Marxist theory considers the principle of the need to develop the productive forces. The theory claims that socialism cannot be built arbitrarily. We were able to make much progress because a socialist bloc existed. That socialist bloc helped us. They gave us loans, resources, and support. We took advantage of that. Now we have to take a step backwards in some areas. We must take steps backwards. The idea of building capitalism under the leadership of the proletariat, under the leadership of a revolutionary government, means that there are many possibilities and alternatives within a revolutionary process. We will defend all that we can defend and we will do this firmly. Trade is one of the things we must defend today.

Many enterprises have approached us to suggest building chains of stores, supermarkets where purchases are done in foreign currency. Trade is a monopoly of the state. Why should we give that up. Drilling for oil out at sea where you need supersophisticated equipment and huge investment capital is not the same as building a store where purchases will be done in foreign currency. We can do that. We can do three things: follow a purchase policy, a price policy, and a commercial policy. If we want the people to buy soap and toothpaste from us—something we cannot supply them with at this time—then this will be more important for us than to sell television sets. There is no reason why we should lower the prices of nonessential articles and have them compete with the price of soap, when at this moment it is much more important to solve the soap problem. If you have a chain of stores then you can implement a purchase policy. You can buy cheap and then sell cheap, thus benefiting not only those who can purchase with foreign currency, because he works where he can get the foreign currency or because he receives it from abroad, but also those who do not have the possibility of getting foreign currency. [applause]

I want to tell you that once the decriminalization was implemented, the prices at the foreign currency stores went up. No one understood why. None of us could understand why. The administrators and directors were only interested in selling. They were more interested in selling than in making a profit, as if lower prices would increase sales. There is not that much money to spend here. You can sell twice the amount of merchandise at half price and the country would receive no benefits. It took us a while to convince even the employees of this. There were employees who thought that because the other person sold 10,000 he had to sell 15,000 [not further specified]. We really had to work hard at making them see the truth. But well, those are state-owned chain stores. The same policy must apply to domestic trade. In the future, many changes will be made. Perhaps in the future we will not have foreign currency stores. Hopefully, we will be able to make a miracle and adjust our domestic finances so that there will be no need to have two types of stores. That is a hope for the future. Some countries have been able to do this. The Chinese have the two types of stores but they are nearing the day when they will only have one type of store. This is because of the progress they are making. The day will come when it will be like that for us. Foreign trade, however, must be a monopoly of the state. The economy must be the state's main resource.

Later today you will be discussing domestic finances. [Words indistinct] very important. It is not that urgent that we leave here with a solution. What we are doing is gathering ideas; we are creating an awareness; we are not making decisions. I can assure you however that through taxes, and taxes alone—and we must charge taxes—this country will never, never be able to maintain the social achievements of the Revolution. Taxes will never cover what we spend on education, public health, culture, sports, development, and social security. The social security system protects the retired people, those people who worked for many years and must now be helped. Taxes will not cover the money spent to protect the social achievements of the Revolution. The people must receive the direct benefits of the revenue received by the national economy. In addition [words indistinct] internal order and defense of the country. With taxes? No.

Taxes would only cover a very small amount of what the country needs. I have said this before and I say it again today: There can be no social achievements with capitalism. The two are simply incompatible. You can only have social achievements and an economy for the good of the people with socialism. We will have to perfect it; we will have to do a lot to perfect it. We have to attain efficiency at all cost, that is what we must do. We must perfect socialism; we must make socialism efficient and not destroy it. The idea that capitalism can solve some of our problems is a crazy and absurd dream that some people in the world believe. The people will have to pay for this crazy and absurd dream. This is why we must defend the system.

The system is not only the most fair, honorable, and human, but it is also the only system that will provide us

with the resources to maintain our social achievements and to continue improving ourselves in the socialist field. I will tell you, however, taxing the people in this country is a very serious thing. There is no one in the world that is happy to pay taxes. Some, more than others, are accustomed to paying taxes. Our country does not have the slightest idea of what paying taxes entails.

I keep hearing you talk about control, establishing control. There are some things that are very difficult to control. We must not forget that. There are times when we resort to that magic word: control. Control, control, control. The day would come when we would have to control the people at their most sublime moment, that moment when they have to go to the bathroom, when they have to use the bathroom. If we are going to control every single thing, then let us check and see what color toilet paper they use. Let us find out if they are using newspaper or water. The word control has its limits. Not everything can be done with repressive and police methods; not everything can be done with control. We have to control all that can be controlled.

Today I asked the minister president of the State Committee for Finance how we are going to get the self-employed to pay taxes. The decree broaches two possibilities. One of the possibilities is establishing a quota. The other possibility is a bit complicated. The principle of a progressive tax, however, was never set aside. The day will come when everyone will have to submit tax returns. The one thing in the world everyone tries to evade is paying taxes. It is not the poor worker who evades taxes, no. This is done by the rich, the big companies. They only pay a third of their taxes, 50 percent of their taxes, and in some cases do not pay taxes. If we ever have 200,000 or 300,000 self-employed people, then some control—there is that word again—of their income will be necessary. I believe we must start to make the people aware of the meaning of tax returns. Once they are aware of this, then it would be a crime if they tried to evade payment of their taxes.

We cannot do this with inspectors. We would need some 300,000 inspectors to do the job. The inspectors would have to visit all the self-employed people every day to find out how much profit they made. One of our comrades, however, mentioned that inspectors can also be bribed. I know a few stories of inspectors, well prepared and trained inspectors who visited foreign currency hotels, and ended up as employees of the hotel they were supposed to be inspecting.

This happens, sooner or later. So do not think that the magic word, inspectors, solves everything. We keep hearing control and more control, but the number of people that must be controlled is enormous. We also need people to control the controllers, and people to control the controllers of the controllers. We then end up having 450,000 people doing this. And the amount of foreign currency circulating continues to grow. We must be realistic. We must do realistic things. We must know what can and cannot be done. We must know what things we can authorize, and the things we cannot. We must admit that there are things that we must give in to and things that it will not be that easy to give in to.

For example, I heard about the Las Tuna case. Do you know how many coach drivers we have in Las Tuna? There are 1,500 coach drivers. This is in the province, but most of them are in the city. They have solved a big problem. Who is going to eliminate the coach drivers? We have coach drivers who use goats to pull the coach. They entertain children. Other coach drivers have horses, mules. Each one uses what he has. Do you know how much they make? Between 3,000 and 4,000 pesos a month. That is 10 times what a professor at the university earns. See what the special period can do? Try and get the coach drivers to pay taxes. Some of them have other people employed. One cuts the grass, the other takes care of the coach, and above all takes care of the horse so that it will not be devoured. [Words indistinct] that type of thing. They have people employed and money to pay them with. They charge you a pretty penny. The employees pay them with the same coin: I will take care of your horse, but you have to pay me so much. If they are going to use [words indistinct] I will charge you such an amount. Since this quota can be increased, I think the coach driver has to pay some 300 pesos. Let the people of Las Tunas tell you the trouble they have to get the 10 percent that they have to pay.

There are countries in the world, countries like Sweden, where the people who earn 4,000 pesos a month must pay at least 50 percent in taxes. They have to pay some 1,500 or 2,000 pesos in taxes. To get people to pay taxes in Las Tunas was quite a battle [words indistinct] they are charging. But we do not waste time fighting with the coach drivers. They are offering a service and they charge a lot for this service. They are a perfect socialist school in the sense that whenever they charge their high prices, the person who must pay insults capitalism from top to bottom. Perhaps our schools [words indistinct] as efficient as some of these people. People say: Brother if this is capitalism, if this is free enterprise, then [sentence not completed]. Since they have no other alternative, they pay what they have to pay.

Bicycles are beginning to compete with them however. Bicycles are being used to transport people from one place to another. Is there a way to get these bicycle people to pay taxes? Is there a way to control the number of passengers transported on this bicycle? Is there a way to control the controller and to control the controller of the controller of the controller of the controller? There are things that we just cannot solve that easily. Life is life, and we must learn from it.

For example, PPG [expansion unknown] is sold at the tourist shops. [Words indistinct] to all the people and the PPG pill costs 50 cents. A box of PPG cost 40 pesos. That was the price sold at the hotel shops. Now the people who are in the business bought the PPG and sold it for $2.00.

[Unidentified speaker] For each pill?

[Castro] I wish, that would be income for the country. [laughter] They sold the $40 box for $2.00. If the exchange rate for the peso is at 70 to $1 or 80 to $1 anyone can see

that it is good business to sell the PPG at $40 and sell it to a tourist at $2.00 [corrects himself] pays 40 pesos for it and sells it for $2.00. With those $2.00 he can double his money and buy more PPG. He makes a profit.

Blister is packaged in a really nice box. Keep the box for the hotels, sell the Blister without the box to the public, and if necessary change the color. Perhaps we would have a tourist or two asking why the difference, what am I being sold, for distribution in the country could have a different color. The price for the Blister at the hotels was lowered and now it is once again being increased. This so-called challenge is going to create problems everywhere. There are cases of people who bought hamburgers at one price and sold them at another. It also is possible that the buyer has an agreement with the person who is making the hamburgers. That is quite possible. Life is going to create problems for us and we must confront them. We must confront all those problems. We must not despair.

I now heard that there are some 20 buses in Las Tunas and they are competing with the coach drivers. We are not going to be traveling in coaches for the rest of our lives. The day we have enough fuel, we will have the buses and the coaches will disappear. We have no problems with coach drivers, but life will open new possibilities. Many of the services we offer today will disappear once economy and industry are developed and once we overcome the special period. There will come a day when these people will earn more as workers than doing other things. We must not be discouraged. The steps backwards we must take must not discourage us if tomorrow, when our economy develops, we will be taking steps forward. This is the way we must see things.

I believe the established system is the appropriate one. We would like to consult on everything, everything, everything we do. We would like to discuss everything, even with the area delegate. That is impossible however. All of us have our duties. The ANPP has its duties, the government has its duties, and the government must do its duties. There are times when urgent decisions must be made. Whenever we can one level or another is consulted before a decision is made. There are times, however, when this is not possible because the decision must be made immediately. The government can make mistakes. We must understand and accept that. The government can make mistakes. Some issues were brought up for discussion here that created some doubt. It was then decided that they would not be discussed because something had happened and had to be controlled. The comrades of the administration should have some authority. It is quite true that the situation in one province is not the same as in another. This was mentioned here. Things are different in every province. Things in Havana are different than things in Las Tunas. The Las Tunas Administrative Council should have authority. It should have the right to suggest, and it would be up to the government to say go ahead or hold off. These are situations that occur; however, we must all fulfill our duties. As Carlos Lage mentioned, these are complex problems; these are not easy to solve problems and mistakes can be made.

We have made mistakes. An etcetera is a mistake. There is no doubt about that. We should have been more cautious about how we presented some problems. We should have approached them slowly. I am aware that our problems created these problems and I understand why a people's council comrade, who has been given so much authority and in whom we have placed all our hopes, finds himself in a difficult situation when he has to explain things. I hope this broad discussion we have had here will contribute to the understanding of these problems. We are walking on broken glass. Many times we do not know where to put our foot. We can make mistakes and we must have the opportunity to correct them. We must not be discouraged however. I believe all of you understand this. I get very happy when I see that the comrades are concerned about various things. As far as I am concerned, this is a sign of our comrades and people's awareness of the revolutionary ideas and social justice.

There are other comrades who have no doubts. We must respect their views. We must expand on this when we have time. There is a group complaining because they have not been given a chance to be coach drivers. I am talking about the university professionals. According to this decree, they cannot be coach drivers. There are professionals who are wondering whether they can repair a television set. We have many professionals, and we cannot discard the possibility that some day they may also have the chance to be self-employed. This does not mean that he is going to quit teaching to become self-employed.

One of the things established in the decree is that the self-employed must be a worker who is out of a job, a retired person, or a housewife who has never had a job. The decree also states that if they are needed at a factory, they must go work at the factory and lose the right to be self-employed. The decree also establishes the possibility of a progressive tax. We have tried to foresee as much as possible the various problems. If a worker is receiving 60 percent of his salary and becomes self-employed, he may lose that 60 percent of his salary he is receiving. We have reached the conclusion that the self-employed person solves some of the problems we are currently facing, and he will most probably continue to solve some of our future problems.

Today the self-employed person is more necessary and important than he may be in the future. As I said earlier, the day our transportation problem is back to normal, the coach drivers will be outdated. The people will use the coach when they want to go for a coach ride. That is something else. It is a different type of business. I truly do not think the state should offer the people a coach business. The state must offer other things. If in the future, we have enough vehicles, then Las Tunas can continue to have their coach drivers. Today, however, I repeat, self-employment is something we need. It is useful, despite our problems and needs. We must have the authority and prerogative to solve and confront, in a rational and coherent manner, the problems we face. We must do this properly. I say properly because there are times that the cure is worse than the illness. We must have the authority

to solve these problems. Therefore, I believe that despite its defects and mistakes, we should approve this draft bill.

Stresses Need for Sacrifice

FL2912210693 Havana Radio Rebelde Network in Spanish 1800 GMT 29 Dec 93

[Passages within quotation marks are recorded]

[Text] The debate regarding the situation of the nation's finances requires further analysis and discussion by our National Assembly of the People's Government [ANPP] in order to find the best solutions to the problem. This was demonstrated at the conclusion of the two-day ANPP regular session at the Convention Center—with clarifying and timely remarks by our commander in chief.

Commenting on the nation's finances, Commander in Chief Fidel Castro explained that solutions are being sought for the most difficult issues. "We are going to continue debating all this. We are going to continue debating. And there is something else. As I explained before, already measures on this subject are being taken. We cannot wait to have an entire package. It is even possible that it might not be appropriate as a package, but as a group of successive measures inspired by certain specific principles. These are the principles we are trying to define here. We do not have to wait for another meeting. Perhaps we have to meet again just for this and to continue the discussion. The next time we will be more knowledgeable, will have a higher level of information."

Likewise, Castro stated that discussions and analysis are needed to reach a greater clarity and understanding regarding measures that might be implemented. Fidel stressed that no one can sabotage what we want to do.

"They [the enemy] will be even less able to do so if the people are aware, if the people understand them [the measures]. We need the people to understand them. We do not expect the people to applaud. Every time we have to make a sacrifice the people feel it. And if we have to make certain sacrifices, what we need is for the people to understand them because these sacrifices are unavoidable, sacrifices which we have to make. What we have to attain is the people's support for these policies."

At the proposal of the chief of the Revolution, the National Assembly approved holding a special session as soon as possible to continue the debate regarding these issues. The ANPP session concluded with a speech by ANPP President Ricardo Alarcon de Quesada and the decision to have Granma Province give a progress report at the next session.

More Castro ANPP Remarks

FL2912213993 Havana Radio Rebelde Network in Spanish 1800 GMT 29 Dec 93

[Passages within quotations marks are recorded]

[Text] The closing session of the National Assembly of the People's Government [ANPP] became an important and significant moment when it focused the attention of the plenum and people on the analysis of the nation's finances.

The need to find solutions to the current financial situation in Cuba, where the excess money in circulation is a problem, was stressed by Commander in Chief Fidel Castro during numerous comments at the ANPP meeting which concluded after two days at the Convention Palace.

The closing session was dedicated to an analysis of the nation's finances, and specialists, economists, and deputies closely involved with the base expressed themselves clearly in an effort to find the best possible decisions. This was highly praised by the chief of the Revolution.

"The opinions of the specialists have to be analyzed with a political sense. Our best economists are those capable of drafting and proposing measures with a political sense. If they are going to propose something that might be technically very good but politically catastrophic, our mission and duty is to halt and reject what they are proposing because we have to combine both—the economist's specialty and politics. This is very important."

Fidel also stressed the importance of this analysis, with the participation of specialists, to attain a consensus on measures to be adopted and to increase awareness, including the people's awareness. "However, what you are saying has a great value, your opinion and views. There is something the people are correct about: Above all, the Revolution will protect the interests of the people. This will always be highly present. The Revolution will not abandon anyone. This is an incontestable principle." [applause]

Regarding the debates on these issues and the measures being implemented, Fidel pointed out that he believes they are correct and it is the most suitable thing that can be done for the people. "Who are we interested in keeping informed? The people. Whose understanding do we need? That of the people.

"Those who have illegal money do not know what to do with it. They are being creative with their money. If they get nervous, that is their problem. It is their problem if they do not have a clear conscience. The honest people of this country, however, should harbor no worries at all."

Alarcon Closes ANPP; Castro Calls For Special Session

FL2912125993 Havana Radio Rebelde Network in Spanish 1000 GMT 29 Dec 93

[Text] If we cannot rely on the patriotism and honor of the people and their will to save the Revolution, no measure we take will do any good. This was stated by Commander in Chief Fidel Castro during an address at the second day of sessions of the National Assembly of the People's Government [ANPP]. Fidel urged the delegates to make an evaluation of the sensitive issues affecting millions of people and stressed that it is not a matter of taking technocratic measures. Castro's words were followed by addresses by several delegates. Comrade Jose Luis Rodriguez, president minister of the State Committee for Finances, said that the excess currency is due to the state

budget deficit. He added that flawed collection in the enterprise system is also a factor because, up to September 1993, there were 2.8 billion pesos to be collected from state enterprises.

Regarding the issue of not changing the currency, Castro said that it is too early to make a commitment to any accord and that the important thing now is to seek consensus.

It was also agreed that the ANPP will hold a special session soon, in accordance with a suggestion by Commander in Chief Fidel Castro.

The sessions of this legislature were closed by ANPP President Ricardo Alarcon de Quesada, who stressed that in persevering in our goals we will challenge the difficulties and move ahead.

Commentary Views Approval of 1994 Budget

PA2912180093 Havana Radio Havana Cuba in Spanish 0000 GMT 29 Dec 93

[Commentary by Roberto Morejon; from the "Evening Information Review" newscast]

[Text] The Cuban state will finally have a new budget in 1994 after four years of resorting to a certain degree of improvisation where a strict budgetary program was never exercised.

The last time a national budget was prepared was during 1989. Afterward, the impact brought about by the fall of the Eastern Bloc and the tightening of the U.S imposed economic blockade prompted the government to work with scarce resources.

With the Cuban parliament's approval of the 1994 budget during its second debate, Cuba will again resort to a useful tool in regulating and controlling economic activity. Because the country must regain a certain degree of financial order, one of the best ways to do so is by cutting the budget deficit, which currently totals several billions pesos, a similar amount in dollars as per the official exchange rate.

The 1994 budget also reflects a trend toward an economy with the needed balance based on the fact that expenses must be matched by corresponding revenues; in this respect, the Cuban Government will contribute in controlling the budget deficit via revenue collection through the use of various mechanisms. At the same time, it plans to encourage efficiency in all economic sectors and cut subsidies granted to state-owned companies as a result of financial losses.

It is not just a matter of limiting financial resources earmarked for economic development, but there will be an insistence on the use of controls by state companies to make them more accountable in case of potential losses.

The 1994 budget likewise will reflect the implemented changes in the country such as the approval of self-employment, as well as new ways to use state-owned land. Undoubtedly, Cuba is drawing closer to a year that will be a decisive year to its domestic economy because from now on management and workers will assume a more determinant role if the company in which they are working threatens to end a fixed fiscal period with losses.

By eliminating budget allowances to state-owned companies, including subsidies, every company will now have to implement more stringent fiscal controls over their respective productive and accounting processes. The 1994 budget approved recently by the Cuban National Assembly will prompt all Cubans to be more exacting beginning the first day of the coming year.

Haiti

FNCD Legislators Meet With Aristide on Crisis

FL2912184893 Port-au-Prince Radio Tropic FM in French 1500 GMT 29 Dec 93

[Text] Haitian head of state Jean-Bertrand Aristide met with 12 FNCD [National Front for Change and Democracy] legislators to discuss resolution of the Haitian crisis. The conversation focused on the selection of the future prime minister, insecurity, and political violence.

During this conversation, the return of Jean-Bertrand Aristide to Port-au-Prince and the establishment of a new strategy for the return to constitutional order were discussed. The president reasserted his willingness to return to complete his mandate while announcing a series of measures aimed at untangling the Haitian crisis.

Support 15 Jan National Conference

FL2912130693 Port-au-Prince Signal FM Radio in French 1400 GMT 28 Dec 93

[Text] National Front For Change and Democracy, FNCD, legislators support President Aristide's initiative to hold a national conference on 15 January. Those legislators, however, oppose the possible appointment of a prime minister from the lavalas group or chosen by the military.

Two lavalas prime ministers and two promilitary prime ministers failed. The people must have the chance to select their prime minister, according to the FNCD legislators.

More Reaction to Conference

FL2912221393 Port-au-Prince Radio Metropole in French 1700 GMT 29 Dec 93

[Text] Some political parties such as MKN [National Cooperative Action Movement] of Volvick Remy Joseph, ALAH [Alliance For the Liberation and the Advancement of Haiti] of Reynold Georges, and MDN [Mobilization for National Development] of Hubert De Ronceray have categorically rejected the project of the president-in-exile to organize in Miami on 15 January an international conference on the Haitian crisis, without the participation of the Haitian military.

In the Parliament, reactions are rather timid and express a certain pessimism about the success of such a conference. Here is the position of Deputy Mac-Ferl Morquette:

[Begin Morquette recording in Creole] We have great doubts. We are very pessimistic about the success of this international conference. This is because that in order to hold a conference that rallies all the actors in the crisis, all those actors must sit together, motivated by a patriotic will to bring the country out of its current situation; they could sit, without ulterior motives, to see if they can make some efforts to extract the country from the crisis. Because [in French] what is necessary to consider is not the pride of each individual. It is not the interests of each individual, it is the country's interests that must be considered. We observe that everywhere throughout the world many people spend years fighting each other; then the leaders sit together in order to solve the problems.

[In Creole] I cannot understand how a conference being held in Miami which does not include all the protagonists and all the actors in the crisis—I do not see how this conference will succeed. A true conference should gather Aristide's government and the Haitian Armed Forces so that they talk in good faith in order to find a solution to the crisis. I believe that Parliament also has something to say and should have effective participation in any national conference which involves all the Haitian parties. [end recording].

Government 'Distressed' by 27 Dec Cite Soleil Fire

FL2912190493 Port-au-Prince Signal FM Radio in French 1400 GMT 29 Dec 93

[Text] The government of President Jean-Bertrand Aristide, in a news release, says it is deeply distressed by the fire, which it terms criminal, that occurred in Cite Soleil on 27 December. To Aristide's government, it was a deliberate act by political groups opposed to the return of democracy. Aristide's government calls on the international community to help end the violations of human rights in Haiti.

Aristide Expresses Concern

FL2912213793 Port-au-Prince Radio Metropole in French 1700 GMT 29 Dec 93

[Text] President-in-exile Jean-Bertrand Aristide, reacting to the serious incidents in Cite Soleil, which resulted in at least four deaths and more than 5,000 victims in a fire which destroyed 200 small houses, has expressed his serious concern. This last devastation, he says, is part of the continuous campaign of death and terror exercised by the forces supported by the military. The violence against human rights and the repression against the Haitian people must stop. Order and stability must be restored, according to a press release issued by the services of the president-in-exile in Washington. The government of Haiti, which was democratically elected, renews its calls to the international community to do everything possible to end the reign of death and destruction in Haiti, concludes the press release.

Cite Soleil Incidents Victimize 5,000 People

FL2912221493 Port-au-Prince Radio Metropole in French 1700 GMT 29 Dec 93

[Excerpts] The people whose houses were destroyed in the fire in the Brooklyn neighborhood in Cite Soleil number 5,000. Let us recall that this fire took place during some serious incidents which followed the assassination of a FRAPH [Revolutionary Front For Haitian Advancement and Progress] member in Cite and at least four people were shot.

On 28 December, an emergency aid operation began, but all the same those people who lost everything are facing an extremely difficult situation and are concerned about their future. [passage omitted]

The health centers, CDS, are coordinating aid to the victims in Cite Soleil. Along with some Red Cross agents, the CDS representatives distributed on 28 December food and money to the victims. Today, 29 December, the residents of Brooklyn, Cite Soleil, will receive some utensils, donation from the Red Cross. The building of houses also should be considered. A solidarity fund has been established. The first signs received from Haitian and foreign sectors are positive so far, according to Dr. Reginald Boulos, who is in charge of the CDS. [passage omitted]

Legislators Elected 18 Jan Plan To Return to Parliament

FL2912190593 Port-au-Prince Radio Signal FM in French 1400 GMT 29 Dec 93

[Text] Legislators elected on 18 January have decided to resume their work in the parliament on 10 January [1994] at the opening of the seventh session of the 45th Legislature. Alliance president and Senator Dejean Belizaire is considering raising, with his colleagues, the burning questions of the trade embargo, restarting the Haitian economy, and political stability, according to his statements at our microphone. During a meeting with the media, the president of the Chamber of Deputies, Antoine Joseph, was very skeptical about the cooperation of the FNCD [National Front for Change and Democracy] legislators with those elected on 18 January. It is possible that the legislators elected on 18 January want to return to the parliament. He said, however, it is necessary to question the reaction of the FNCD legislators.

Questioned by Radio Signal FM on the possible cohabitation of the two parliamentary groups, FNCD Deputy Jean Mandenave rejected the idea outright. Furthermore, the deputy from Plaisance strongly condemned the violent acts perpetrated in Cite Soleil on 27 December. He demanded that the Justice Committee of the lower chamber investigate the matter.

Ecological Commission, Bank Created Within NAFTA

PA2812031593 Mexico City NOTIMEX in Spanish 2139 GMT 27 Dec 93

[Text] Mexico City, 27 Dec (NOTIMEX)—Today Mexico promulgated the Border Ecological Cooperation Commission and the North American Development Bank, which will start operating on 1 January 1994 with the implementation of the North American Free Trade Agreement [NAFTA]. The decree promulgating the agreement between the two countries established that the goal of the commission and the bank is to support the protection and upgrading of the environment at the U.S.- Mexican border.

The agreement creating the two institutions was approved by the Chamber of Senators on 16 December and was promulgated today through its publication in the federation's official newspaper. The text of the agreement underscores the importance of preserving, protecting, and improving the environment for the sake of present-day and future generations and the urgency of addressing ecological problems at the U.S.-Mexican border. The United States and Mexico agreed to create the commission and the bank within the framework of NAFTA, which includes Canada. The U.S. Government promulgated NAFTA on 8 December.

The agreement underscores the need to establish an ecological infrastructure at the border, especially in contaminated areas, as well as the need to treat sewage water and solid waste, among others. The agreement states that the commission's goal is to support the preservation, protection, and improvement of ecology at the border area to increase the well-being of the people of Mexico and the United States. The commission will also cooperate, as required, with the North American Development Bank, other national and international institutions, and sources of private investment capital in the development of ecological infrastructure projects in the area.

The commission will participate in drafting, developing, implementing, and supervising those projects and will analyze the financial or environmental feasibility of such plans, and will evaluate the economic and social benefits of ecological infrastructure projects in the area.

The commission will have a directorate, two managers, that is, a general manager and a deputy general manager, an advisory council, as well as the officials and personnel it requires to carry out its duties. It will also have legal status and full power to sign contracts, purchase and transfer personal property and real estate, and start legal procedures.

The commission will issue a yearly report on its operations in Spanish and English, which will be drafted by the general manager and approved by the directorate. Copies of the report will be available to the people of the two countries. The commission will be in operation until one of the parties decides to withdraw and this party is able to do so six months after filing a written request.

The North American Development Bank will finance projects certified by and at the request of the commission and will be assisted by the commission in the achievement of its goals and fulfillment of its duties. In carrying out its duties the bank will use its own capital, funds obtained in financial markets and other available resources, and will promote the investment of public and private capital in companies and activities with ecological purposes.

The agreement states that the bank will have initial capital of $3 billion divided into 300,000 shares, each one with a nominal value of $10,000, and they will be at the disposal of the parties. Of that total, there will be $450 million in paid-up shares [liberadas] and $2.550 billion in not fully paid-up shares [pagaderas]. The agreement states that Mexico and the United States each will own [suscribiran] 22,500 paid-up shares and 127,500 not fully paid-up shares for a total of 150,000 shares each and a grand total of 300,000 shares between the two.

Revenue Law To Produce 309 Billion New Pesos

PA2812220793 Mexico City NOTIMEX in Spanish 0003 GMT 28 Dec 93

[Text] Mexico City, 27 Dec (NOTIMEX)—According to the Federation's Revenue Law, which was published today in the official gazette, the Mexican Government will receive at least 309.0399 billion new pesos (approximately $93.648 billion).

The text of the law, which was prepared by the Finance and Public Credit Secretariat, anticipates that almost 150 billion new pesos (approximately $45.454 billion) will be collected in income tax, value added tax, ownership and use of vehicle, among other taxes, in 1994. The taxes to be paid by decentralized organizations and firms with state participation as well as the financing of the former, will add 69.9583 billion new pesos (approximately $21.199 billion) to the federal revenues. The rights for the extraction of oil, hydrocarbons, publicly owned properties, and the services rendered exclusively by the government through decentralized organizations will yield approximately 35.5 billion new pesos ($10.757 billion) to the federation.

The document establishes that for income resulting from financing, such as the internal and external stock issues, the federal government will perceive 9.6 billion new pesos ($2.909 billion.) The law authorizes the government to manage public credit, including stock issues, up to 16.25 billion new pesos ($4.924 billion) in net foreign debt to finance the federation 1994 budget.

The text establishes that Mexican Petroleum and its subsidiaries, as well as their "byproducts" and other services are obliged to pay contributions, except income taxes, according to the corresponding laws.

The 1994 Revenue Tax notes the possibility of granting fiscal payment facilities to several taxpayers and determines that the postponement of the payment of fiscal credits will prompt a 2 percent a month surcharge on unpaid balances.

The document exempts petroleum crude oils, gasoline, natural gas, propane, vaseline, butane, propane-butane, fuel oil, kerosene, coke, bitumen, and some waxes and paraffins, among other substances, from paying export taxes.

The law stipulates the methods to calculate the amount of tax to be paid for the use of public property; allocations for the maintenance, operation, and conservation of the government's revenue-generating unit; and to transfer any surplus to the federation treasury.

The document designates fiscal incentives to taxpayers in the agricultural-livestock and lumber sectors. In addition, the document grants incentives and subsidies to activities related to foreign trade, import of consumer goods, equipment and machinery in border areas and free duty zones, as well as to savings banks and savings and loans institutions.

The text includes a tax-schedule on ownership or use of vehicles, which must be implemented during 1994 in accordance with the type of vehicle—model and origin of manufacture.

The law includes tax reductions agreed upon in the Treaty for Stability, Competitiveness, and Employment, which is an agreement for a national concerted effort that will go into force as of 28 December.

The treaty, which was signed by the labor, business, and government sectors, calls for salary reductions for government employees in order to increase workers' incomes.

Authorities Deny ETA Operating in Country

PA3012044093 Mexico City NOTIMEX in Spanish 2329 GMT 29 Dec 93

[Text] Mexico City, 29 Dec (NOTIMEX)—Mexican judicial authorities denied here today that there is any evidence to indicate that members of the separatist ETA [Basque Fatherland and Liberty] are operating in Mexico, as Spanish media reported.

The Attorney General's Office (PGR) has not received any reports or evidence about the presence of ETA members in Mexico to promote armed actions from this country.

Information obtained at the PGR indicated that if ETA members are found to be operating in the country, the appropriate authorities will investigate the situation. The PGR stated in a communique that neither the Mexican judicial authorities nor Interpol have been asked by any Spanish authority to investigate the presence of members of the separatist organization.

Mexico conducts investigations with strict respect for the law and the authorities do not allow themselves be swayed by rumors that sometimes only confuse the public.

The Spanish newspaper ABC published a report stating that ETA members direct activities of that organization from Mexico and that they have infiltrated various sectors of the Mexican economy.

Toxic Waste Dumped Clandestinely in Hidalgo State

PA2812200293 Mexico City XEW Television Network in Spanish 1300 GMT 28 Dec 93

[From the "Upon Awakening" newscast]

[Text] Toxic waste introduced clandestinely in Hidalgo State is causing alarm. More than 500 tons of toxic waste from enterprises located in Mexico State have been clandestinely dumped near Zempoal Municipality, Hidalgo State.

Omar Jimenez Lopez, delegate of the Ombudsman for Environmental Protection Office, has reported this and said there is an indiscriminate handling of waste produced in the country.

[Begin Jimenez recording] There is a daily production of 70,500 tons of waste and 47 percent of this is being

dumped uncontrolled. We have a dump of toxic waste, batteries, and waste from lead furnaces.

These are obviously clandestine; the dumpers have not requested permission from any authorities, federal, state, or municipal. [end recording]

After conducting field tests with specialists, Mr. Jimenez Lopez cited the materials included in the waste.

[Begin Jimenez recording] We know there must be lead; we know there must be tin, antimony, and much arsenic. [end recording]

He said that if they are not handled properly, this waste could filter through the ground strata and harm the regional ecological balance.

Roundup of Economic Developments Through 28 Dec

PA2812225593

[Editorial Report] The following is a compilation of reports on Mexican economic developments monitored through 28 December. Source is cited in parentheses following each item.

Marco Antonio Valenzuela, vice president of the National Assembly Plant Association, disclosed that the assembly plant industry had obtained $5.2 billion in revenue during 1993, which represents a 15 percent increase with respect to 1992. He also added that during the past year assembly plant exports increased to $4.8 billion and explained that revenues were obtained as a result of the value added tax to raw material assembled in Mexico, especially along the northern border region. According to Valenzuela, the assembly plant industry is evidencing sustained growth in its exports, greater than 10 percent annually, and it is expected that in the short term the sector will surpass the oil industry. Currently, there are 2,200 assembly plants operating in Mexico providing employment to more than 500,000 workers. (Mexico City NOTIMEX in Spanish 1505 GMT 23 Dec 93)

A recent poll carried out by the Private Sector Economic Studies Center, CESP, among 482 industrial, commercial, and service companies located throughout Mexico's largest cities reveals that business morale in anticipation of NAFTA competition is quite high. The CESP document reveals significant perception differences among the various cities. In this respect, the most confident businessmen are located in Monterey with 76.7 percent, followed closely by Valle de Mexico businessmen with 75 percent and Guadalajara with 68 percent. (Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 23 Dec 93)

State-owned Mexican Petroleum, Pemex, disclosed this past November that crude oil export prices had dropped drastically during the current year. Through a press communique, Pemex explained that Isthmus type crude oil had dropped from $15.33 per barrel to $13.06; the price of heavy type Maya crude oil decreased from $11.98 to $10.22; and extra light Olmeca fell from $16.77 per barrel to $15.22. As relates to the oil exported to the European market, Pemex disclosed that the average price of Isthmus crude during the first 15 days of November was $14.05 and Maya sold for $10 per barrel. The state owned company revealed that on average, Mexican crude oil exports had increased to 1.3389 million barrels per day, of which 59 percent corresponds to Maya crude, 18 percent to Isthmus, and 23 percent to Olmeca. (Mexico City NOTIMEX in Spanish 0332 GMT 23 Dec 93)

According to a report disclosed by the Energy, Mines, and Parastate Industry Secretariat, SEMIP, Mexico lost nearly $642 million during 1993 as a result of the fall in the price of crude oil in the international market, as well as a decrease in its exports. During 1993, Pemex sold a daily average of 1.331 million barrels which represents $6.779 billion in revenue, $642 million less than in 1992 when it sold 1.367 million barrels per day. SEMIP also revealed that crude oil production up to October 1993 totalled 2.663 million barrels daily, 5,000 less than in 1992 when production reached 2.668 million barrels daily. The United States was Pemex's main buyer during 1993 with purchases equivalent to 58.3 of its exports, followed by Spain with 17.5 percent, and Japan with 6.6 percent. (Madrid EFE in Spanish 0152 GMT 22 Dec 93

Costa Rica

Roundup of Economic Developments Through 28 Dec

PA2812235393

[Editorial Report] The following is a compilation of reports on Costa Rican economic developments monitored through 28 December. Source is cited in parentheses following each item.

Jorge Corrales, president of the Costa Rican Central Bank, has reported that this year the country's GNP will grow by 6.5 percent, inflation will be 9.2 percent, and the value of the Costa Rican currency will drop by 4.6 percent. The trade balance deficit will be $850 million and the open accounts deficit will be $500 million, Corrales reported. Imports from January to November were valued at $2.6674 billion while exports were valued at $1.9015 billion. At the end of the year, the country's gross reserves are $1.2321 billion and its net reserves are $1.1045 billion. (San Jose LA REPUBLICA in Spanish 16 Dec 93 p 6A)

Agriculture Minister Juan Rafael Lizcano has reported that in 1993, the Costa Rican agriculture and livestock sector grew by 14.2 percent and produced $1.00015 billion in foreign exchange in spite of low international coffee and banana prices. (Mexico City NOTIMEX in Spanish 2211 GMT 23 Dec 93)

Guatemala

Police Disperse Demonstration by Defrauded Depositors

PA2912155893 Mexico City NOTIMEX in Spanish 0036 GMT 29 Dec 93

[Text] Guatemala City, 28 Dec (NOTIMEX)—The National Police used tear gas today to disperse a demonstration of defrauded depositors in front of the National Palace, causing the Government House to close.

Volunteer firemen assisted five female demonstrators who showed signs of choking due to the tear gas.

The gas from the canisters that were hurled in front of the palace wafted to the Presidency, where dozens of people—including children—were unable to get out of the building and were affected by the tear gas.

Presidency security stopped several depositors and brought them inside the palace, so the firemen expect that the Presidential Guard will allow them to evacuate those detained.

The demonstrators were depositors of the so-called "phantom savings and loans association," Autocasa, which fled the country without paying taxes and giving their money to depositors, who were bilked out of more than $10 million.

Last week the depositors occupied the headquarters of the Guatemalan Bishops Conference, trying to obtain support so that the government would return to depositors part of the goods seized from Autocasa.

Roundup of Economic Developments Through 28 Dec

PA2812235193

[Editorial Report] The following is a compilation of reports on Guatemalan economic developments monitored through 28 December. Source is cited in parentheses following each item.

The Foundation for Economic Research has issued a report according to which tourism this year became Guatemala's main source of currency exchange income. According to this report, tourism brought in $253.7 million, while coffee procured only $239.6 million; followed by sugar, $148.6 million; and bananas, $108.9 million. (Paris AFP in Spanish 1722 GMT 23 Dec 93)

Honduras

Human Rights Ombudsman Releases Report

PA2912224793 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 29 Dec 93 p 5

[Report by Francisco Valeriano Giron]

[Text] A "Preliminary Report on Missing Persons in Honduras" was handed in to President Rafael Leonardo Callejas last night and will be made known to the general public through the media today.

Human rights ombudsman Leo Valladares talked with Callejas for 45 minutes yesterday afternoon. Valladares summarized the report for Callejas. In approximately 1,000 pages, the document, which bears the subhead "The Facts Speak by Themselves," sums up the entire investigation process on missing persons in Honduras, both local and foreign, from the 1980's to date. The chronology alone required close to 700 pages and gives a day-by-day account of human rights violations in the country. Valladares said that in the report he acknowledged the media. He had to use local press reports because he had no access to official sources. "How could we be blind to all that was taking place in our country? Were we cowards? Did we conveniently look the other way? Anyway, this is a reality we all have to accept," he said.

He said the report is of a preliminary nature. In addition, he is no judge but a person at the service of all citizens so they can defend their fundamental rights. He added that all he has done is reveal the facts. In the report he makes several recommendations. It will be up to the public to determine what really happened.

Regarding the alleged participation of Honduran soldiers in the missing persons issue, Valladares said that he sent notes to authorities in due time but that he never got any proper answers. Apparently, General Luis Alonso Discua, the Armed Forces chief, disregarded the notes he received. He finally answered last week, on 23 or 24 December, Valladares said. The answer, however, consisted only of a copy "of the well-known report on missing persons, which

says nothing." All this is included in the report's supplements. He said: The Armed Forces' reply was overdue and "contributed nothing" because the contents were already familiar to me.

The official said he expected the Armed Forces to reply to the "very numerous" reports against them. He cannot understand why there are there still outlaw groups. "One of democracy's basic principles is that no one can be outside the law," he said.

Once the report is disseminated, the public can draw their own conclusions. In addition, the report itself points the way for further investigations. The courts, proper authorities, and, in particular, the prosecutor general, will give the final answer. The report details each of the reported missing persons cases and includes some striking testimonies. The word preliminary used to describe the report primarily indicates that investigations will have to be pursued. However, he expects that no commission will be appointed. Judicial authorities should act instead.

The report does not mention places where clandestine graveyards could exist because he did not carry out any investigations on such sites. A formal request would have been necessary because he is no judge, he said, but it was impossible for him to file it. It will be up to the new Prosecutor General's Office to carry out this work.

Valladares is sure that the report to be released this morning will not be a repeat of others already presented. Also, this report is educational because it "tells what happened and why, as well as how to prevent it from happening again."

Regarding the method used to prepare the report, Valladares said he used information supplied by the Committee for the Defense of Human Rights, the Committee of Relatives of Missing Persons, and the UN Working Group on Forceful and Involuntary Disappearances, and research that he conducted on his own. Based on these reports, the number of missing persons has been estimated at 149, including nationals and foreigners.

Valladares promised to answer all questions asked by the media in today's news conference when a summary of the extensive report is made. In addition, the media will receive a copy of the report.

Relatives of Missing To File Lawsuit Against Reagan

PA2912164993 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 29 Dec 93

[Report by Elinda Romero; from the "This Very Day" newscast]

[Text] Relatives of missing people have told this newscast that they will file a criminal lawsuit against former U.S. President Ronald Reagan and the U.S. Army, because they believe that the latter masterminded the abduction of at least 143 Hondurans. Elinda Romero has the information:

[Romero] On the eve of the publication of the first report on 143 missing people, the parents of student leader Eduardo Becerra Lanza announced today during an exclusive interview with this newscast that they will file a criminal lawsuit against U.S. President Ronald Reagan and the U.S. Army.

[Begin unidentified speaker recording] The United States and Ronald Reagan's administration are being accused of having launched an undeclared and unilateral strategic military offensive on Central America against an alleged ideological and armed invasion of international communism from Cuba and the Soviet Union.

The U.S. Administrations that followed Reagan's are being accused of maintaining a scheming silence and of flagrantly hiding war crimes committed by U.S. troops allied to Central American armies and governments.

The U.S. Government is being accused of abuse of authority, antidemocratic disobedience, human rights violations, violations of the rights of children, women, and of crimes against humanity in Central America. [end recording]

The criminal charges will have an impact if the human rights commissioner sends them to the Inter-American Human Rights Commission. The suit could have positive results, because the U.S. Government executed covert and illegal operations in Central America.

[Begin recording] [Carlos Ordin Montoya, former Honduran Congress president] If what happened is envisaged by U.S. laws, the lawsuit will have no consequences, but if it happened as a covert operation, the lawsuit will have consequences.

[Romero] It was a covert operation by the State Department and the Pentagon.

[Ordin] I do not know that, but I think that if it was part of an illegal operation, the lawsuit will have consequences, perhaps not for former President Reagan but for officials who were in the area. [end recording]

Becerra Lanza will present the lawsuit to the human rights commissioner within the next few days. The family has said that if it obtains no results, it will appeal to all possible human rights institutions.

Government, PRC To Sign Investment Agreement

PA2912211193 Tegucigalpa EL HERALDO in Spanish 29 Dec 93 p 3a

[Text] Chuan-li Huang, Republic of China ambassador in Honduras, met yesterday with Economy and Commerce Minister Carlos Chain to finalize details related to the signing of an investors protection agreement between both countries.

The agreement—which is expected to provide additional guarantees to Chinese investors willing to invest in Honduras and vice versa—could be signed during the first days of January, according to information disclosed by Ambassador Chuan. He added that the agreement seeks to attract

more investors from his country to Honduras since they will be receiving the same conditions as those received by local investors.

The diplomat stated that Chuang Hgion Textile, a Republic of China textile enterprise, is ready to invest more than $112 million in Honduras. The project entails the initial establishment of an assembly plant, a first investment totalling $110 million. Afterwards, a textile enterprise would be set up which should entail another $2.7 million.

The ambassador indicated the aforementioned company has an annual cash flow greater than $60 million in commercial activity.

Roundup of Economic Developments Through 28 Dec

PA2812192693

[Editorial Report] The following is a compilation of reports on Honduran economic developments monitored by Panama Bureau through 28 December; source follows in parentheses after each item.

Deputies have approved a decree to lower truck and bus import duties from 10 percent and 20 percent, respectively, to 1 percent, regardless of the type or size. (San Pedro Sula TIEMPO in Spanish 15 Dec 93 p 10)

Honduran Foreign Minister Mario Carias Zapata has reported that Japan has rescheduled the payment of the $600-million Honduran debt to assist this impoverished country; in addition, Japan has approved a $7-million loan to finance construction of a waterworks system. (Tegucigalpa EL PERIODICO in Spanish 16 Dec 93 p 30)

Finance Minister Rene Ardon Matute has reported that Honduras will end this year with a fiscal deficit twice as large as the government expected. The government had estimated a $900-million budget, but disbursements increased markedly. To amortize its $3.7-billion foreign debt alone, Honduras has spent between 33 percent and 35 percent of the national budget. (Panama City ACAN in Spanish 1609 GMT 24 Dec 93)

According to an official report released by the Central Bank of Honduras, the prices of staples, specifically dairy products, sugar, eggs, beef, pork, rice, and fish have skyrocketed despite President Rafael Leonardo Callejas' decree freezing these prices. (San Pedro Sula TIEMPO in Spanish 27 Dec 93 p 10)

Nicaragua

Gen Ortega's Political Opinions Criticized

PA2912123693 Managua LA PRENSA in Spanish 27 Dec 93 p 12

[Article by Agustin Jarquin Anaya]

[Text] On many occasions I have criticized General Humberto Ortega for expressing political opinions and making assessments that overstepped his status as a soldier subordinate to President Violeta Chamorro's government.

In fact, a long time ago, during a cabinet session in which he talked about the country's national security situation, I complained about his criticisms of local politicians and Vice President Virgilio Godoy who, regardless of his relations with the Presidency, is Ortega's superior, and I told him that as a subordinate he owes Godoy due respect.

Now we see the general attacking one of the most prestigious figures that our country has—poet Pablo Antonio Cuadra.

The need to guarantee order and citizens' security in the northern part of the country to protect production cannot justify violations of peasants' human rights. Reports of violations, which were revealed by institutions that Mr. Cuadra has echoed, deserve a serious and profound investigation to define responsibilities, to make amends, and to punish those who are responsible.

The difficult task of offering security by the young men of the Armed Forces should not be marred with abuses against citizens who want stability and peace to produce.

As 1994 approaches it seems as though Gen. Ortega intends to confront the Armed Forces, the EPS [Sandinist People's Army], as a part of a political maneuver, with large segments of the public and civilian institutions. The purpose seems clear: to become the defender of the Army and the Nicaraguans who make it up to lead them to think he is "indispensable."

Once again he is using the wrong strategy, however. With these sharp remarks and abuses, Gen. Ortega is creating tension within the Armed Forces by gratuitously making it the object of criticism, not just nationally but internationally as well.

Most citizens are nursing hopes that 1994 will bring stability to the country, will bring more jobs, and will jump start the economy for everyone's benefit.

Civic-minded Nicaraguans cannot tolerate insistent efforts to destabilize the democratic process and Dona Violeta's government; this is why Gen. Ortega's attitude deserves our rejection and censure.

To Mr. Cuadra we express our solidarity and pride, because he is among the Nicaraguans who have contributed to our country's international prestige.

* Bayardo Arce on Privatization, FSLN Congress

94CA0053B Managua EL SEMANARIO in Spanish 12-19 Nov 93 pp 13-15

[Interview with Sandinist National Liberation Front National Directorate member Bayardo Arce by Walter Lacayo Guerra and Roberto Cajina; place and date not given; first four paragraphs are EL SEMANARIO introduction]

[Text] He does not fear being "Satanized" just because he favors regulating the process of privatizing such public

services as TELCOR [Nicaraguan Telecommunications and Postal Services], the INE [Nicaraguan Institute of Energy], and the INAA [Nicaraguan Waterworks and Sewer Systems Institute], nor because he supports implementation of the structural adjustment program, more commonly known as the ESAF [Enhanced Structural Adjustment Facility].

"I am convinced that it is absolutely necessary," he says openly and straightforwardly. At the same time, however, he totally opposes privatization of health care, education, and social security, viewing them as responsibilities of the government that it can neither delegate nor relinquish.

These are the opinions of Bayardo Arce Castano, member of the FSLN [Sandinist National Liberation Front] National Directorate, with whom we held a friendly and "fully publishable" conversation that dealt with issues relating to his party's internal crisis, the now famous and well-worn subject of *la pinata* [the looting of housing and land by Sandinist Government following its election defeat], the need to hold another congress, and the election of new national and departmental authorities. When asked whether he expects to be reelected to the political leadership of the FSLN, he says he has been too busy to think about it and is not yet convinced that he will run.

Arce Castano thinks the FSLN cannot go on postponing the discussion of ideology by the Sandinist membership and that it is an important issue to be discussed at the next congress scheduled for May of 1994. Otherwise, he says, "we shall continue this persistent vagueness that hurts the moral integrity of members."

[EL SEMANARIO] The Sandinist rank and file claim that the revolutionary commanders and you specifically live like potentates, removed from the reality of the poverty endured by most Nicaraguans. Your comments.

[Arce Castano] I think that to say "the rank and file" and speak in their behalf amounts to taking advantage of many people. I think that one quality which we Sandinists must regain is the honesty of speaking for ourselves rather than taking shelter behind vague claims. Furthermore, I do not think that living conditions now are any better than when we were in the Sandinist Government. They have even declined generally for obvious reasons, although it is also true that we do not go around barefoot, nor do we live in Acahualinca. We should not believe that this is a sine qua non requirement for being a revolutionary!

[EL SEMANARIO] The fact is that such comments are heard everywhere and not just regarding the National Directorate. Elliot Abrams himself wrote an article claiming that the split is not between moderate and radical Sandinists, but between the rich and the poor.

[Arce Castano] We have allowed rightist thinkers such as Elliot Abrams to come here and label us and to a certain extent we let ourselves in for it by initiating a debate about such characterizations. In this country, "la pinata," which is the big issue dividing Sandinists into rich and poor, is not an issue that began with the Sandinists. Rather, it is a subject that was imposed by the right for the precise purpose of destroying the moral richness of Sandinism and its alternative possibilities for society. In other words, they have tried to turn the election defeat into the strategic defeat of a revolutionary option. It is the right, LA PRENSA, which raises the issue of la pinata, and the Sandinists fall into the trap. After all, if the distribution of property and the completion of an act of justice that was not properly executed during the Sandinist Government can be called a pinata, then there was indeed a pinata. Starting in 1988, we have allocated the BAVINIC [Housing Bank of Nicaragua] housing by decree and later distributed housing to all mothers, but the titles have not yet been turned over to them. We carried out an agrarian reform that received international recognition because we distributed 33 percent of the land to over 140,000 peasant families, but without titles. We tried to resolve all of these acts of economic democracy, which even the World Bank and International Monetary Fund now recognize and which have the flaw of being done legally, through Laws 85, 86, and 88.

People have apparently forgotten that the Sandinist Front always did have members with money such as Edgard Lang, Raul Gonzalez, and Noel Arguello Pravia, who were landowners and ranchers. And I have named dead men, failing to mention Luis Carrion, Joaquin Cuadra, and Nicho Marenco, all well-off in their day, but revolutionaries nevertheless!

[EL SEMANARIO] You cannot deny that the FSLN rank and file say the National Directorate is not operating properly, claiming that it was a mistake to elect it as a list rather than vote for individual candidates. They make the added claim that if they had done the latter, some would not have been elected.

[Arce Castano] I do not believe in "Monday morning quarterbacks," all those people who go around proclaiming what we should have done. For me, their views have little merit, although I do not rule them out. First of all, they are wrong! I do think there is one organization that has managed to maintain a smooth operation in the midst of very complex circumstances, and it is the National Directorate. Every time we go into "the box," as we call our meeting room, we admire our own perseverance, the fact that we go there every Friday, as if we were still determining the course of society. I do not think that people have a very clear idea when they say the Directorate is not functioning because I have heard it from leaders, even in the Sandinist Assembly, who do not think we even meet, while I think we meet too often! Today (Tuesday), for example, they summoned me to a meeting, but that annoys me somewhat because we also have to work for a living! The Directorate is not a bunch of professionals who devote themselves to politics full-time. Moreover, people think we are not functioning because they would like us to resolve things as we did before, while the fact is that we are not in government and in a position to solve social problems. With great difficulty, despite all the talk about that big pinata and the "grand potentates," our only party officials are two full-time and one half-time member of the Directorate. Rene Nunez is half-time because he is coming to the

end of his career. Daniel can devote a little more time to politics because he receives a salary as former president and Sergio as a deputy. The rest of us have to have another job in order to earn money and support our families. We can no longer solve problems even if many people think the solutions are like magic. They ask us to visit the departments and regions and we do, but we are no longer able to solve problems.

[EL SEMANARIO] It is said that new leaders will be elected at the next FSLN congress. Do you think the system of electing the National Directorate should be different now?

[Arce Castano] Not only do I think so, but we pledged to do so through the secretary general at the conclusion of the First Congress. It was said at the time that it was a transitional congress, that the FSLN could not claim to make such a qualitative leap in all areas at once because, at the same time that we assimilated the effects of an election defeat, we also had to assimilate changes in our domestic situation with the end of the war and international changes, the end of the cold war and that entire conflict in which, like it or not, we were involved. One could not hope to try to resolve everything overnight so we tended to avoid things. I believe that that is the cause of some of our current problems. We now avoid ideological discussions, which crop up at every turn. Ideology is even injected into discussions about the color of shoes someone is wearing. We saw that democratization should begin with the rank and file and gradually reach the Sandinist Assembly as the organization at the top, but the executive organ had to establish the election by lists in order to maintain an axis, the one that had existed in the past, and make room for the advancement of new leaders in the Sandinist Assembly and departmental structures who would be the natural successors. We have already pledged to do this and it will happen at the next congress.

[EL SEMANARIO] Do you think you will be reelected?

[Arce Castano] I am not sure of it, not sure at all. First of all, right now no one can nominate or not nominate me because that will not take place until May. Moreover, as a politician and revolutionary leader, I have to decide whether or not I still have a contribution to make to the Sandinist Front. In principle, it is not an issue that I have even tried to resolve; I see it as something extemporaneous. Right now I am more concerned about promoting a process of constitutional reform, about changing the government's economic policy, about exerting influence over the ESAF, than about whether I am going to stay in office or not. Whatever the case, I am not at all attached to holding office and sometimes, no matter how many difficulties we have endured and how many times we have risked our lives, even we revolutionary grow tired of the infamy.

[EL SEMANARIO] Let us move on to economic issues. What is your opinion of the market economy and free enterprise system?

[Arce Castano] It seems to me that the free market is a swindle that the international experts want to stick us with by using formulas that deceive our countries. It provoked sharp debate at meetings of IMF governors because the examples they give us of the so-called free market are the Asian giants: Japan, South Korea, and Taiwan, which have had single-party dictatorships, as in the case of Taiwan and South Korea, or very strong regimes, as in the case of Japan, where the Liberal Party ruled. I don't think they have succeeded in getting it out yet. That is the free market they show us. I think that a totally free market is a sham. Such a thing has never existed anywhere except here where they want to impose it and where it has no historical background. Now then, if you tell me the market plays a dynamic role in the economy, I think that is indeed true, but I am not talking about an absolute free market. In other words, the choice is not between whether we promote an entirely free economy like the one being promoted by international organizations or remain locked into a state-controlled economy. Neither one of the extremes gets us anywhere. Here we have to use the market as a dynamic factor. We have to recognize that we made mistakes that hurt the market during the Sandinist Government, the peasant market, for example, where producers were forced to sell their products at set prices. That is not what it is all about, but I think the government should be a facilitator and guide for market forces.

[EL SEMANARIO] In connection with the free market, it would be a good time for us to talk about the FSLN's dealings. To speak about the party's holdings has been virtually taboo.

[Arce Castano] No, there is no taboo. The Front's holdings are reported in detail to the Sandinist Assembly, which is its highest-ranking organ, and the Ethics Commission.

[EL SEMANARIO] But to only about 120 members....

[Arce Castano] That was the decision that that maximum authority made, that it would go no further. The other thing is that the Sandinist Front has no enterprises. What it does have is an investment "holding" through which its presence is manifested in certain investments in order to provide it with a source of income, but the concept of the Front as an enterprise owner does not even exist, with the exception of two enterprises that are 100-percent owned by that holding: BARRICADA and Radio Sandino. Others such as CEPASA, which imported books, failed.

[EL SEMANARIO] How sound are the holding's enterprises? Do they have surpluses?

[Arce Castano] In the midst of the crisis, that is how the party survives; it could not live off its dues. If we are talking about 60-percent unemployment in society as a whole in this country, the rate among Sandinists may go as high as 80 percent and their ability to pay dues is practically nil. Moreover, international aid has dropped drastically. That was and still is another source of income for the party. However, the entrepreneurship of the FSLN did not begin with the election defeat, but already existed at the time of the 1984 elections. Any diligent person can look up the Front's holdings in reports to the Election Tribunal. It was in 1990 that we discovered the "hot water," as if it had not been reported, hot water which I, as spokesman for the

election campaign, had to talk about ad nauseum in 1984. Adjustments were then made precisely in order to guarantee party financing.

[EL SEMANARIO] You were your party's political secretary party and have said that you can no longer devote full time to political activity because you have to make a living. What responsibilities do you now hold in the FSLN and how do you allocate your time?

[Arce Castano] First of all, I am a member of the National Directorate. For the sake of change, the Sandinist Assembly made me responsible for supporting young people and they have now included me in that negotiating committee that takes so much time. One has to go around negotiating with the government, the UNO, the UDC, with whoever is sitting across the table waiting to negotiate.

I was also given responsibility for presiding over two Sandinist Assembly committees: health and education, plus, as they say, whatever comes up on a daily basis.

[EL SEMANARIO] You say you are not a professional official of the Front and that you also have to do something else just to survive.

[Arce Castano] Precisely! I am chairman of the board of directors of El Amanecer, the company that owns BARRICADA, and chairman of that newspaper's editorial board. I am chairman of the board of directors of Radio Communications, Inc., which owns La Sandino.

[EL SEMANARIO] Chairman of three things?

[Arce Castano] What do you think of that! (Laughter) In addition, I work with the party treasurer as supervisor of that investment holding. That is how I make a living.

[EL SEMANARIO] One periodical published an interview with Mikhail Gorbachev in which they asked him something that is sometimes difficult to ask political leaders here in Nicaragua. They asked him how much he earned and he said $10,000. How much do you earn?

[Arce Castano] I do not make $10,000; I make much less, you can be sure. Our salaries cannot average more than they would in government; we have always used that as a reference.

[EL SEMANARIO] Without parallel tables?

[Arce Castano] Naturally, without parallel tables.

[EL SEMANARIO] Let us speak about privatization. The last resolution of the Sandinist Assembly says that health, education, and social security can never be privatized or turned over to private management. What is your personal opinion?

[Arce Castano] I think that is true because in a country such as ours which is so far behind in education, health, and protection for the neediest classes, it is inconceivable that an infrastructure and organization set up by the government to remedy these problems should be turned into a private business. At any rate, activities relating to health and education and even social security are not and were not placed off limits to private enterprise, even under the Sandinist administration. In this country, we have always had private universities and schools. I wish there were more persons interested in complementing the government's work in these areas. Private medicine was not banned either. There have always been clinics and hospitals and, I believe, even experiments in social security. In other words, since the private sector is not prohibited from engaging in such functions within a framework of regulations, it is not logical that what the people have paid for through their taxes or that schools which are often paid for by international good will should be turned into private businesses. I think that that is absolutely unnecessary.

[EL SEMANARIO] The bill to regulate privatization that was introduced in the National Assembly by your party's bench leaves open the possibility that other services can be subject to privatization, regulated and authorized by law. Would you oppose or support such a measure?

[Arce Castano] I think there is confusion between the privatization of government assets and holdings and concessions granted to private parties to develop such government assets and holdings. Government holdings in areas such as telecommunications, energy, and the like cannot in fact be privatized. In other words, we cannot sell microwaves to anyone and if we had oil, it could not be sold to anyone because it would belong to the nation. It could not be privatized; everyone agrees on that. The great debate in the Sandinist Assembly was over concessions because certain comrades, led by the FNT [National Workers Front] proposed that concessions be granted to private parties for new expansions, not covering what the government already owns in such fields. Others, including me, maintained that it is illogical to grant the concession for expansions and not include what already exists because such holdings would be allowed to deteriorate—even deliberately by the government—or not be able to compete. I cited the example of the telephone, with which I am very familiar. We have 1.2 telephones for every 100 persons, while the figure for Costa Rica is around 13 and the average for Central America is eight. Let us take that average, which would mean that the new expansions would quintuple installed capacity and it would go to private parties. In other words, giving the new to private interests while keeping the old does not seem logical to me. I prefer that the government put it all into one package and become a partner of the enterprise receiving the operating concession. As a result, in addition to the government's regulatory role, it will reap the benefits of dividends generated by its share in the investment along with those of a technological development that would otherwise be slower. The fact is that given the profits yielded by government institutions, the rate of investment is slower. No one wants to loan money to those institutions for profitable investments. What is the reason for this? Because in this world, it is the sacrosanct Monetary Fund and the sacrosanct World Bank that give the orders and say: "You will not loan to them."

In short, we need a regulatory law because, if we do nothing, the government will still privatize it in an executive manner and that will be worse.

[EL SEMANARIO] The FNT leaders say the law should prohibit, not regulate.

[Arce Castano] The ideological issue kept getting injected into the debates in which we have engaged, which is why I wanted to move up the congress to the earliest possible date. We need ideological clarifications because we have a mix of three elements that must be differentiated: Party programming is one thing, the possibility of negotiated constitutional reforms are another, and the third is the current situation that we must try to face. Let us start from the fact that Sandinism opted in its platform for a state-controlled economy that does not allow the privatization of anything, anything at all, not even Chipirul. Let us use that as our starting point. That is the political program for when we are the all-powerful rulers of this country. I am presenting something I do not think any Sandinist supports or wants. Daniel, who is sometimes singled out as the spokesman, has been very clear, stating that he does not want us to return to the decade of the '70's and that we clearly cannot return to the '80's. You can have anything you want in the political platform, but you must distinguish between a negotiated constitutional reform that will have me sitting down opposite people whose thought is basically bourgeois and rightist and engaging in "you scratch my back I'll scratch yours." In other words, I do not think I will come out of such constitutional negotiations with my political platform intact, but the other side also has the right to inject its program and that is impossible.

[EL SEMANARIO] Let's talk about the ESAF.

[Arce Castano] I am worried that we are already "Satanizing" the ESAF, inferring that it is something terrible, something not to be relied upon. The truth is that the ESAF is no more than a funding program to support a program of adjustment. The problem is not whether or not to have the ESAF. You can have the ESAF and I would even say we must have it, but the problem is what it contains. However, it has been greatly oversimplified because if, in order to be a revolutionary, I now have to oppose the ESAF, then we are in a bad way. I am in favor of the ESAF. What concerns me is what that ESAF contains and it does have elements that I do oppose. Nevertheless, there are tons of things on which I agree, for example, on eliminating government officials' discretionary power to impose taxes, eliminating the IGV [General Sales Tax], and replacing it with an all-encompassing added-value tax. There are others of which I do not disapprove provided that the government and I can agree on a schedule. For example, one provision says that tariffs must be reduced to a maximum 20 percent, which I think is right provided that, in order to protect our manufacturers, they begin to apply it in two years and not in the immediate future as the government is proposing.

[EL SEMANARIO] As chairman of BARRICADA's editorial council, what do you think of those Sandinists who claim the newspaper has ceased defending the people's interests? They have also asked for the removal of Editor Carlos Fernando Chamorro.

[Arce Castano] I think that is a mistaken perception. I know it exists and it is obviously one of our daily concerns to ensure that we maintain a newspaper that defends the nation's interests without giving up our political bias. After all, no one here would believe that Bayardo Arce, Carlos Fernando Chamorro, and other members of the Council have ceased being Sandinists. There are those who believe that the people's interests are being defended if they always report on specific persons representing certain institutions. I will not even mention EL SEMANARIO because it is no longer viewed as Sandinist. They still say that BARRICADA has strayed from the path somewhat. The problem is that they do not like to see people from other economic, social, and political sectors give their opinions.

Now then, to start thinking about replacing the editor of a daily newspaper just as if they were changing editors of the organ of the FER [Revolutionary Student Front], would be a mistake. Newspapers have changed nowadays and I personally think Carlos Fernando is doing a good job.

[EL SEMANARIO] One last question: Which side of the FSLN are you on: that of the "hardliners" or the renewers?

[Arce Castano] I am a hard-line renewer.

* Amnesty for Sequeira Murder Condemned

94CA0053C Managua LA PRENSA in Spanish 25 Nov 93 p 14

[Editorial: "Amnesty: A Bad Word"]

[Text] The stay handed down on behalf of Sandinist Colonel Frank Ibarra, confessed murderer of Dr. Arges Sequeira, is not an act of national reconciliation, inasmuch as the Nicaraguan nation could never reconcile itself to the crime. Rather, it is an exaggerated act of accommodation and an attempt to pacify forces whose methods and conduct have no understanding of the meaning of forgiveness.

It is the worst example of what excessive leniency, weakness, or accommodation can do to forgiveness: turn it into a twisted virtue.

Amnesty for Ibarra was a mistake and probably the worst blot on the government of Violeta de Chamorro, who in this case was guided by an effort to forgive that exceeded the bounds of reason or good intentions.

It is superfluous to discuss with legalistic fervor whether or not the amnesty was correctly applied. The fact is that the government threw the men who rightly or wrongly took up arms and went to fight for this or that cause into the same sack with professional killers who stalk and murder coldly and perhaps with delight, collect their pay, and flee, only to announce more crimes.

In the case of Ibarra, justice in Nicaragua was trampled in an intolerable way. Furthermore, the desire to have peace throughout the country and make everyone understand that things cannot be settled by basely killing one's political rival also has a limit: the universal rule that there are crimes too great, crimes that so deeply wound the nation

and cause so much trauma to the very fabric of the republic that they can under no circumstances be treated with leniency.

Ibarra and his two comrades coldly stalked their victim, pursued him knowing he was harmless, a man of peace who brandished the law as his sole defense. They knew that his crusade was being waged based on the law, that his message could be heeded or ignored, forgotten or used as people saw fit, but, in any case, that he was an innocent victim.

After coldly murdering Sequeira, as the record shows, Ibarra and his two comrades profited financially and were even kind enough to buy toys for their children. In other words, the crime was for them a positive, productive activity.

Centuries of legality and social order stand between these men and the ways of justice that should rule today.

As Cardinal Miguel Obando y Bravo once said, there are individuals who have stolen something small, perhaps in order to eat that day, and who remain in jail, but Ibarra and his comrades were never caught. The Sandinist daily newspapeprs turned them into legendary heroes who published the list of the next to be sacrificed. One defender of the members of that shady group said in BARRICADA that Arges Sequeira "had been executed."

In other words, according to that cavemanlike reasoning, the worst type of criminal applied the death penalty to the standard-bearer of law who demanded nothing more than that anyone who had been robbed under the Sandinist reign of terror should recover what he lost. President Chamorro definitely made a mistake in extending the nobility of amnesty to such persons.

What political benefits did they make her think she stood to gain? What lesson in civics or civilized behavior could be taught by placing her signature on that order protecting such a crude and merciless criminal as Ibarra? One's mind has to be very confused, filled with evil intentions, twisted in the direction of egotism or, quite simply, be absolutely perverted in order to make the president believe that that pardon, which has now been totally sanctioned, could be a beneficial lesson for Nicaraguans.

Nor did the Sandinists who profited from the shameful distribution of government property gain anything from the crime. The petition of those whose property was expropriated continues and is gaining strength with every passing day. Internal and external pressure is growing based on the argument that Nicaragua, sickly and lame, will never be steady on its feet until it solves the problem of property and that this depends on the petitions that Arges Sequeira peacefully represented.

Amnesty for Frank Ibarra must be bringing ironic smiles to the faces of the most hardened criminals in many government prisons. For honest citizens who still believe in the power of the law and try to behave accordingly, amnesty has now become a bad word.

* Legitimacy of UDC Questioned

94CA0053A Managua LA PRENSA in Spanish 30 Nov 93 p 14

[Commentary by Erick Ramirez Benavente]

[Text] The Electoral Law currently in force, which has constitutional ranking, establishes the procedures that must be followed by any political organization seeking legal recognition as a party. The process is handled by the Political Party Council (CPP) and has as one of its many legal requirements the applicants' obligation to submit a list of 900 leaders throughout the country who are registered on the 1990 Election Rolls. Whether it involves a new party or the merger of two or more political parties, the authorization may take a year or more, depending on the applicants' interest.

The process constitutes a major legal obstacle to recently formed political organizations like the so-called Christian Democratic Union (UDC), whose leadership has no interest whatsoever in complying with such requirements because it is busy seeking political agreements having juicy, short-term benefits enabling it to take up a comfortable seat on the local political scene. Thus it is that these chameleons, who shamelessly signed the Political Constitution in 1987, are now the very ones most anxious to reform it for the sole purpose of erasing at the stroke of a pen all the articles in the Electoral Law that define precisely how legal status may be obtained. In one fell swoop, they would lay a mantle of impunity over all the actions they have heretofore sponsored as an illegal political party.

Since going public two years ago, the UDC has deliberately failed to comply with the requirements for forming a political party. On the contrary, by virtue of the actions of a tiny group willing to do anything, it has blazed a path starting from the favorable UNO [National Opposition Union] camp, whose partisans "live off the land" and sleep with one eye open in order to survive the betrayal that lurks around every corner. In 1990, before the seats in the new National Assembly were even warm, the now UDC members introduced a bill attempting to prevent Vice President Virgilio Godoy from replacing President Chamorro for even a minute during her temporary absences. Since then, its votes have opted for the safe path of opportunism, attacking the EPS [Sandinist People's Army], its budget and dealings one day, then ardently defending it the next. It would declare in the morning that it favored the veto of the Property Law, attack it in the afternoon, and end up adopting a neutral stance by night! It supported Arnoldo Aleman for mayor, but is now avidly seeking control of the Commune. It started off by calling those belonging to the Center Group sell-out pariahs, but they have now turned into valid interlocutors. Violeta Chamorro was at first a lost soul and Tono a wretched manipulator; today, in the blink of an eye, they have become the standard-bearers of reconciliation and political tolerance.

Protected by their habit of changing horses, depending on the political climate of the moment and making the most of every slip that the UNO makes, they have now teamed

up with the FSLN [Sandinist National Liberation Front] in order to "settle" the legislative crisis and arrive at a profitable tripartite (the FSLN, UDC, and the government) governability. It would be a corollary to the advance letter they sent to Santa asking him for everything: the presidency of the National Assembly, a few posts in the government, and a diplomatic mission here and there, all for the noble and never properly recognized purpose of "saving" Nicaragua.

As their final move, in case the constitutional reforms should fail, they are trying to be recognized by the CPP via the easy path of a mere name change. They now want the Popular Social Christian Party (PPSC) to be recognized as the Christian Democratic Union (UDC). There is one slight problem, however: If that request is granted, then the Nationalist Liberal Party (PLN) can follow suit and ask to be recognized as a party merely by exchanging names with any one of the legally recognized liberal parties. In addition to being desperate for funds and members, the latter are dreaming with delight of returning to a past that clearly treated them better.

Then we shall see whether the FSLN, anxious for immediate political results, consents, via its votes in the CPP, to support the PPSC's change in name to the UDC even at the cost of reviving the once powerful political arm of dictator Anastasio Somoza, whom the FSLN itself helped eliminate. Swapping the UDC for the PLN would not be in the least strange in this ill-fated country. Whatever the case, whether it be because of the swindle of the constitutional reforms or the name change a la "Super Saturday," the UDC will go on being precisely what it is today: a political shell with an address.

* FSLN Structure, Reform Discussed

94CA0053D Managua EL NUEVO DIARIO in Spanish 1 Dec 93 p 4

[Commentary by Aldo Diaz Lacayo: "Statutory Reform of the FSLN"]

[Text] The true name of a political party is its nature, its raison d'etre, its general and specific objectives. Likewise, the real name of representative democracy is the electoral system and that of participatory democracy is organic structure. Without well-defined objectives, political parties turn into social clubs, and without a fair electoral system and efficient organic structure, there can be no internal democracy in a political organization.

This explains why the most deeply felt demands of all Sandinists interested in the First Special Congress of the Sandinist Front (FSLN) include a revision of the party's nature, its system of elections, and its organic structure as part of the fundamental objectives of the Special Congress, as well as of its relations with the government, which most people interpret as one of the main causes (if not "the" cause) of the Sandinist Front's internal debacle.

The First Special Congress's sole justification then is if it pursues—and achieves—a far-reaching reform of the statutes of the Sandinist Front. It goes without saying, naturally, that such a reform will be made in the direction demanded by the Sandinist rank and file. This is a concept which, now that it is followed by its own members, the rank and file, is the object of denigration, mockery and derision from the very persons who once used it with the authoritarianism characteristic of verticalism. The first battle to be waged is precisely that of establishing the objectives of the Special Congress. It is a battle that should begin as soon as possible, not only for the purpose of guaranteeing the effectiveness of the Special Congress itself, but rather—and chiefly—of ensuring that the 600 delegates to the congress—or those who end up attending—are properly prepared based on the discussions and conclusions of the rank-and-file assemblies held in every district and municipality. Only then will the Sandinist Front begin the process of rectification that has been postponed or mediatized for various reasons beginning with the election defeat on 25 February 1990.

Nature of the FSLN

The Sandinist Front's nature is brought into question by the vagueness and omissions of Section I (General Provisions) of its statutes. According to press leaks, that vagueness correctly reflects the discussion of statutes concerning whether or not party leaders should be given a pragmatic or principle-based, liberal, or revolutionary focus. Concepts such as "revolutionary, democratic, and anti-imperialist that defend the people's interests" (Article 1) have been extensively denied in practice, particularly in the Sandinist Front's negotiations with the government. Furthermore, nowhere in this first section is any mention made of the basic principles of the party's political platform: a mixed economy, political and ideological pluralism, the promotion and protection of human rights—including social and economic—participatory and representative democracy, and international nonalignment. Finally, Article 3, which refers to the basic principles of party life, consigns to the garbage heap of oblivion the principle of renouncing material goods without replacing it with anything similar, this at a time when there is a crying need to regulate capitalistic voraciousness.

Electoral System

The statutes make no mention of the electoral system. This is serious, but what is even more serious is the fact that, in the worst case, 151 members of the congress (half plus one of the regulation quorum of 301 members) would elect the Sandinist Assembly, Ethics and Honor Committee, National Directorate, and the candidates for the nation's president and vice president and deputy seats (Article 20, paragraphs d and h). This cannot be. The Special Congress must correct this thoughtlessness—to use a mild term—replacing it with a well-designed and well-defined system of election. The capacity to do so was recognized by members and nonmembers of the Sandinist Front on the occasion of the two general elections which it organized when it was in power.

The highest-ranking party officials should obviously be chosen by the rank and file, party members registered with the district and municipal committees. This is a task that must not be forsaken just because it is slow. On the contrary, the work should begin immediately. The National Directorate has the power to decide on relevant matters of national and party life (Article 26b).

Organic Structure

Regarding the organic structure of the Sandinist Front, the statutes are even more deficient. In fact, the statutes mention the following organs: the Congress, Sandinist Assembly, National Directorate, and Ethics and Honor Committee (Article 17); the departmental assemblies and committees (Article 32); and the departmental congress and municipal and/or district committees (Article 33). Of all these organs, however, the party structure includes only the following: the Congress, Sandinist Assembly, National Directorate, Ethics and Honor Committee, and Departmental Leadership Committees. The other organs mentioned by the statutes: the departmental assemblies, departmental congress, and municipal and/or district committees, are outside the Sandinist Front's organic structure. The statutes also devote a chapter (3, of Section III) to the rank-and-file assemblies, without making them subordinate to any other organ of the party.

In other words, the departmental congresses, departmental assemblies, and municipal and/or district committees report to no other party organ. They have a useless—because it is exaggerated—autonomy, although the Congress and Assembly have specific statutory powers. Actually, this organic disarticulation magnifies the feeling of isolation of the members of the departmental congresses and assemblies and of municipal and district committees and heightens the rank and file's scattered feeling.

Party and Government

Finally, the draft version of Section VI on the party and government requires thorough revising. It conveys the impression of having been drafted in anticipation of a cogovernment or for the purpose of justifying the kupiakumi-style [reference to an 1842 interparty agreement] relationship heretofore existing between the Sandinist Front and Violeta Barrios de Chamorro's government. By dint of a great effort, one can interpret that this section was drafted very generally, i.e., equally valid for both of the party's options: being in power or comprising the opposition. What is certain, however, is that this version directly contradicts the type of relationship existing between members and affiliates of the FSLN when they carried out their duties of public office during the 11 years of the Revolutionary Government. In other words, since this section is not written in a self-critical manner, it rouses the aforementioned suspicion. One can allege that this suspicion is the product of prejudice, but one cannot deny that this section justifies the party's current relations with the government. It is an objective fact.

Other Reforms

It is obviously impossible to complete the task of statutory reform in the four points covered. Reform must be general. For example, we must weigh the suitability of duplicating the Sandinist Assembly's power to decide on matters affecting important aspects of party and national life (Article 21) via the powers it confers on the National Directorate (Article 26, paragraphs b and f). Likewise, Section IV on the party's holdings must outline the responsibilities and limitations of the members managing them. In addition, it will be necessary to create the post of secretary for international relations, now being handled by the National Directorate as a whole (Article 26), and deal with criticism between party members—only authorized privately—expressed at meetings of party organs (Article 10). In practice, it is occurring in public through the mass media. All of these points are also objective facts.

Mexico, Federal District July-August 1993

Panama

Molirena Reportedly Withdrawing From Alliance

PA2912201093 Panama City EL PANAMA AMERICA in Spanish 29 Dec 93 p 1

[Article by Juan Pritsiolas]

[Text] The government coalition came to an end yesterday with the confirmation that Molirena [National Liberal Republican Movement] is withdrawing from the alliance so as not to support Arnulfist presidential candidate Mireya Moscoso de Gruber.

A political source has said that through Jorge Ruben Rosas, Mario Galindo, and Guillermo Elias Quijano, Molirena told President Guillermo Endara on 27 December that it would not back Moscoso de Gruber, which implies its departure from the current administration.

At the same time another ranking source said that Endara is getting ready to restructure his government team within the next few days but did not mention if this is being done due to Molirena's departure.

Meanwhile, candidate Moscoso de Gruber has admitted that "there is complete silence" from Molirena regarding reports of a break in the alliance.

She said that the Arnulfists would like to maintain the current alliance and blamed Molirena for the rupture.

Moscoso de Gruber has said that she does not believe that President Endara will fire Molirena ministers and directors but that "if the party leaves the government, I believe that they would voluntarily resign their positions."

Molirena members head the Finance, Labor, Planning and Housing Ministries, as well as the Colon Free Zone, the Customs Directorate, and the National Lottery. They also hold key posts in the Foreign Ministry.

Moscoso de Gruber said that her party is going to wait until 3 January—the date that was initially set to make up

the official slate—to begin negotiations with the new parties so as to form a new coalition.

The Arnulfist leader said that up until now contact has been made with all parties except with the PRD [Democratic Revolutionary Party], because there is no interest in forming an alliance with the latter. She did not dismiss, however, the possibility that the Arnulfists might spring a "surprise" and run by themselves in the 1994 elections.

For his part, Molirena President Alfredo Ramirez has said that Molirena party leaders had informed President Endara regarding the problems being encountered in agreeing upon a presidential slate.

Ramirez met once again yesterday with the top leaders of the liberal parties in Panama to explore a possible union of all these political forces.

Until now there have been two Molirena members who are being mentioned as presidential hopefuls: Ruben Carles and Guillermo Ford.

The ruling coalition was formed for the 1989 elections. One of its members, the Christian Democratic Party, was expelled from its ranks in 1991.

President Denies Rumors

PA2912203693 Panama City LA PRENSA in Spanish 29 Dec 93 p 1-A

[Article by Ibeth Vega and Orlando Mendieta]

[Text] President Guillermo Endara denied emphatically yesterday constant rumors of the government alliance's rupture in light of the coming May general elections.

Endara stated: "It is untrue that the visit of three former ministers yesterday (Monday) was to give me an ultimatum" to break the alliance if Molirena [National Liberal Republican Movement] was not allowed to lead the official presidential ticket.

Endara added that the ministers' visit was strictly social, because, according to what he said last November, he will not interfere in political matters related to the elections scheduled for 8 May 1994.

According to several media, former ministers and Molirena members Mario Galindo (finance), Guillermo Quijano (housing), and Jorge Ruben Rosas (labor) met with Endara at his office. The former ministers presumably talked about the definitive rupture of the government alliance.

According to these versions, in light of the position taken by Molirena, the Arnulfists threatened to exclude Molirena ministers from the cabinet.

Molirena wants to lead the official ticket, but the Arnulfists believe that Mireya Moscoso de Gruber, their party's president, should hold that position.

Endara said: "It is true that I met with three former ministers yesterday, but that was a social visit and they only came to reiterate their support for me as president of Panama."

Endara added: "We discussed everything and dealt with the topic of the alliance in an entirely incidental and superficial manner, and there was no mention of an ultimatum or a possible rupture."

Rumors of a possible rupture were also denied by Arnulfist Jorge Pacifico Adames, who said that the next round of talks and negotiations will be held on 3 January.

Meanwhile, Arnulfist Party President Mireya Moscoso de Gruber has stated that if Molirena insists on heading the alliance, her party will participate in the 1994 elections alone.

Moscoso de Gruber has said that she hopes negotiations will conclude during the first week of January and announced that the Arnulfist Party might nominate its candidates on 23 January.

Moscoso de Gruber also denied that President Endara is planning to expel Molirena members who are members of his government and said that they will remain in their posts even if the government alliance falls apart, because "the government came to power with them and they will stay until the end."

During eight sessions of negotiations, of which the last was held six days ago, the Arnulfist Party, Molirena, and the Authentic Liberal Party have not reached an agreement regarding the nomination of their candidates for president and vice president.

For the next elections—the first ones to be held democratically—1.5 million Panamanians will be eligible to vote to choose a new government.

The past elections, held in 1989, were annulled by the military government led by former General Manuel Antonio Noriega, who is serving a 40-year sentence in the United States for drug trafficking.

Argentina

'Tense Calm' in La Rioja; Mobilization Fails

PY2912192493 Buenos Aires CLARIN in Spanish 28 Dec 93 p 8

[Article by Julio Aiub Morales]

[Text] La Rioja—The coordinating board of trades and groups opposing the state reform adjustment in the province has not been able to carry out its announced mobilization. On 27 December, the board decided on a "total suspension" of the dialogue with Bernabe Arnaudo's Justicialist government because it did not accept all the board's demands.

A tense calm descended on the capital 27 December. Minister of Government Omar Rodriguez had to come out and explain that provincial police "are very comfortable answering to their natural commanders."

A secret SIDE [Secretariat for State Intelligence] report exclusively published by CLARIN on 26 December raised doubts about police officers' willingness to follow their institutional commanders' orders in at least eight provinces, including La Rioja.

"I absolutely disagree with the alleged SIDE report saying there is no unified command that would be respected by the troops. There is no discontent among policemen. The chain of command is perfectly structured," the minister said.

Rodriguez, however, admitted that the police "lack the elements needed to control social outbursts," but quickly added: "It was not a serious problem because the conditions are not appropriate and because we do not want an all-powerful anti-riot police."

On 27 December the board could not gather enough people to carry out a new protest march against the adjustment because of the implementation of a new rule: a public administration holiday that took effect 24 December and will continue until 1 February. The measure considerably reduced the presence of employees at their work areas.

Last night, following a decision to prevent the approval of the provincial state reform bill until at least 1 April, the board met at the Public Workers Association headquarters to decide what to do next.

Meanwhile, acting Senate President Eduardo Menem said, "we will not support massive dismissals from any point of view. We must not identify state reform with dismissals. The reform cannot be implemented abruptly because provincial administrations have too many employees due to the lack of alternatives."

Eduardo Menem said: "The collapse of regional economies cannot be blamed on the economic program, but on international situations that had repercussions on the provinces."

President Carlos Menem decided to spend New Year's Eve in La Rioja, a province he will visit for the first time since the beginning of the social protest movement at the beginning of December when the provincial assembly approved the adjustment that was derogated a few days afterward.

It is not known if the president will participate in the traditional religious ceremony "Encounter" (Tinkunako) that is staged in front of Government House every 31 December at noon.

Unions Call For 'Mobilization' in Jujuy

PY2912190393 Buenos Aires CLARIN in Spanish 28 Dec 93 p 8

[Text] The Trade Unions of State Workers Front [Frente de Gremios Estatales] (FGE) has called a mobilization for today to demand "immediate inflation-adjusted wage scales." Various neighborhood centers, the Chamber of Retailers, and the Retirees Federation announced their support for the trade unions' call.

The FGE measure was prompted by unsuccessful negotiations on 23 December between top state workers union leaders and Governor Carlos Ficoseco, who rejected the demands made by union leaders. The workers are determined to go to Government House and Congress.

The state workers—whose wages have been frozen for 30 months—are asking for an immediate wage increase and the establishment of a 3,500-peso top ceiling for legislators, judges, and government officials.

While there is a succession of trade union demands, the government made it clear that "an extra 300 pesos will be paid in January" to state workers who earn 700 pesos per month. This prompted the dissatisfaction of senior employees, some of whom are in top positions. Since these senior employees earn more than 700 pesos, they will not collect the "extra" 300 pesos.

Nevertheless, a calm and normal atmosphere prevailed in the province on 27 December. This calm atmosphere was just broken by a court employees strike staged in rejection of a government measure canceling the wage "adjustment" for court officials.

The court employees strike was observed by all the employees despite the fact that court authorities threatened to resort to alternate judges in order to guarantee court work.

The adamant stance adopted by the governor, who does not accept negotiating a wage increase, rules out all possibilities of another meeting with top FGE leaders for the time being.

Police Chief Superintendent Carlos Manzur, the Jujuy police chief, announced that 150 policemen will join the provincial police on 1 January.

Cordoba Province Workers Strike for Higher Wages

PY2912170393 Buenos Aires CLARIN in Spanish 28 Dec 93 p 9

[From the Cordoba bureau]

[Text] Cordoba—Jose Phien, secretary general of the Public Servants Union [SEP] has told CLARIN that Cordoba public servants will begin a 48-hour strike on 28 December demanding salary hikes and in solidarity with the various public employees' labor unions that are having problems throughout the country.

Cordoba public servants get paid between 250 and 300 pesos per month, and the union is demanding an immediate hike of 200 pesos to "alleviate the hardships some of the members are going through."

Phien reported that the SEP has found out that over 1,300 public servants had "no pay left" at the end of the month because they had taken it "all in advance in foodstuffs to make it through the month." The union leader implied that Cordoba government officials were insensitive, saying that "they are perfectly well aware of the hardships Cordoba public employees are going through."

The strike which is to begin on 28 December was prompted by "the silence of the provincial government in face of the proposals that the SEP has repeatedly submitted." The SEP reported that the parties concerned met for the last time 20 days ago. "During this meeting the government did not come up with a single proposal," Phien said.

On 27 December, a government source indicated that "there is no telling" how many public employees will comply with the strike, bearing in mind that "few people refused to participate" in previous strikes. The SEP announced that the employees "will not report to work" during the strike, and Cordoba hospitals will have minimum staffing through agreements reached with provincial health workers associations.

The week before, Provincial Labor Minister Jorge Sappia was prepared to meet with SEP leaders, but the meeting fell through at the last minute. The SEP was going to demand a salary hike of 200 pesos, "until solutions could be found to the economic problems of public workers," Phien said.

Union Leader Blames Economic Policy for Provincial Crises

PY2912002093 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1823 GMT 28 Dec 93

[Text] Buenos Aires, 28 Dec (NA)—Association of State Workers (ATE) Chairman Victor de Gennaro accused the federal government of orchestrating "an attack on provinces." He stated that trying to pin the events that took place in Santiago del Estero Province on activists "is to underestimate people's despair."

De Gennaro noted that he is not worried about the fact that trade unions are being blamed for this since "we are not responsible for any violent act." He went on to say that notwithstanding this, "we are indeed concerned about the possibility of there being repression and lives lost because of our rulers' irresponsibility in resolving the underlying problems."

The trade unionist criticized the government's economic policy because "it curtails financial resources to be appropriated to provinces, it saddles them with higher expenditures since education and health care have been delegated to provincial governments, it robs them of financial oxygen by taking pension funds away from them, and it institutes a new tax policy with the Fiscal Pact, which deprives provinces of net revenues from stamp duties on account of certain quotas in revenue-sharing and exchanges it for the VAT [value added tax]."

De Gennaro told a Buenos Aires City daily that the fact that "a sort of lesser partner to the adjustment has been co-opted over the last few years—governors who embezzled public funds, political patronage, and subsidies to the upper echelons in provincial governments—while the major adjustment was under way" merely fanned the flames of the crises in the provinces.

De Gennaro asserted that trade unions are not opposed to a rationalization of the civil service, but made it clear that "we do not eat glass." He said that while for the state "rationalization is tantamount to laying off workers, for us it entails using common sense."

Economy Ministry Reports on Provincial Deficit

PY3012000693 Buenos Aires PAGINA/12 in Spanish 28 Dec 93 p 9

[Article by Daniel Sosa]

[Text] "Provincial spending in 1993 was 3.350 billion pesos higher than in 1992. Even so, their deficits increased five-fold (up from 95 million to 460 million). This proves they have made no adjustments and that efforts to restore order must be made." This information, to which PAGINA/12 has had access, is contained in a dossier that the government will release in the next few days. It is seen as a move to exonerate itself from all responsibility in the volatile economic and social situation in the interior.

The report was drafted on the orders of [Economy Minister] Domingo Cavallo, who mentioned it in passing during a news conference last evening. The disarray in the provincial accounts is blamed on personnel expenditures, which have nearly doubled in the 24 provinces since 1989 to an all-time high of 12.369 billion pesos.

To further emphasize the "excess," Finance Ministry experts stress that the average monthly wage in the provinces and in Buenos Aires City Town Hall rose from 498 pesos in 1990, to 593 pesos in 1991, to 762 pesos in 1992, and finally to 868 pesos in 1993.

The data to which this paper had access compares the evolution since 1983 and makes an estimation for the current year. The main conclusions are:

—Total expenditures were 16.239 billion pesos in 1991; 22.105 billion pesos in 1992; and will be 25.451 billion in 1993.

—Total revenues were 14.913 billion pesos in 1991, 22.010 billion pesos in 1992, and will be 24.991 billion

pesos in 1993. The revenues come from allocations by the federal government and from provincial taxes (88.5 percent).

—The deficit between expenditures and revenues totals 460 million pesos this year, nearly five times more than in 1992 (when the deficit totaled 95 million pesos). It should be pointed out, though, that accounts were better kept in 1992 than in 1991.

—The highest spending province as regards expenditure per inhabitant is Tierra del Fuego with 3,477 pesos; followed by Santa Cruz with 2,727 pesos; Neuquen, 1,979 pesos; La Rioja, 1,891 pesos; Catamarca, 1,558 pesos; La Pampa, 1,503 pesos; San Luis, 1,280 pesos; Chubut, 1,204 pesos; Formosa, 1,136 pesos; and Rio Negro, 1,111 pesos.

—The most thrifty provinces are Buenos Aires, where expenditure per inhabitant amounts to 539 pesos; Tucuman with 638 pesos; and Santa Fe with 683 pesos.

Cavallo did not wait for the report to be completed to increase his criticism. He stated yesterday that if services are poor in the interior it is because the administration is deficient, because spending has increased (he said that the provinces as a whole have received twice as much as in 1990, which is corroborated in his report—appropriations for the provinces rose from 11.819 billion pesos in 1990 to 24.992 billion in 1993), or because of corruption.

The economy minister said the federal government will not make any extraordinary allocations for the provinces in 1994 and urge the people to control and "punish with their vote" those who are guilty of mismanagement.

Di Tella Says Falklands Still 'Top Priority'

PY3012013693 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1900 GMT 29 Dec 93

[Text] Buenos Aires, 29 Dec (NA)—Foreign Minister Guido Di Tella today reiterated that the subject of the Malvinas Islands continues to be a "top priority" for Argentina's foreign policy. He acknowledged nonetheless that after 160 years "we have not managed to find a solution to the question of sovereignty."

The foreign minister said that Argentina recognizes the British Government's representatives and not the Kelpers as valid interlocutors. However, he said: "We have a policy of rapprochement vis-a-vis them that cannot be considered friendly yet."

Di Tella told NOTICIAS ARGENTINAS news agency that the government's strategy believes British members of parliament rather than the Kelpers will have to ratify a possible treaty acknowledging [Argentine] sovereignty over the islands.

Notwithstanding this, Di Tella said he was aware of the influence islanders exert on British members of parliament. This is the reason why he justified his attempts at a rapprochement, which has been made over the last few years through notes beamed from BBC of London to the islands and unofficial notes to the Malvinas Islands' authorities.

"We are well aware that any pronouncement that may be made at the United Nations or other international forum on the Malvinas Islands has less influence in London than what Kelpers say. Therefore, unless we manage to make them change their views, we will not be able to change the stance of members of Parliament and the UK Government," he pointed out.

Di Tella explained that Argentina's tactic concerning the islanders consists "of achieving economic development, strengthening our stability, buttressing our democratic system of government, and championing respect for human rights."

He added: "These are the elements that will give rise to the possibility of dialogue and progress."

The foreign minister reiterated that the government is willing to respect the way of life and aspirations of the Malvinas Islands' inhabitants.

Commenting on another issue and in response to a question about the feasibility of the deadlines established for Mercosur [Common Market of the South] to become effective, Di Tella said an agreement has been reached on 85 percent of all tariffs.

He noted that the remaining 15 percent pertains to capital goods and computer technology, adding: "We have established a six-month deadline to see how to solve these issues so as to work out an agreement on the common external tariff, which is to take effect in 1995."

Di Tella asserted that, paying heed to concerns voiced by businessmen, the government will propose giving special treatment to sectors such as the textile and petrochemical industries, iron and steel works, and auto makers.

Asked about the possibility of joining NAFTA, Di Tella answered that this issue will not be discussed until 1995, but once again said Argentina wishes that it will be made through Mercosur.

Di Tella made these remarks following a toast with journalists accredited to the Foreign Ministry at midday. On that occasion, Di Tella outlined the most salient aspects of the foreign policy further by Carlos Menem's administration.

He asserted that Argentina "is at present wholly reinserted in the international community and is a respected and trustworthy country. Moreover, it is a partner to the leading countries in the region and the Northern Hemisphere."

With regards to Argentine relations with the United States, Di Tella emphasized that they "are excellent, as evinced by the meetings that President Carlos Menem held with his U.S. counterparts, George Bush and Bill Clinton."

"The new credibility Argentina enjoys has been instrumental in attracting a very important volume of investments from all over the world. This is only the beginning

and it stems from our insertion in the international commercial market," said the foreign minister.

Senate Approves Law Calling for Constitutional Reform

PY2912124893 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0406 GMT 29 Dec 93

[Excerpts] Buenos Aires, 28 Dec (NA)—The Senate definitively opened the path toward the constitutional reform, which will allow President Carlos Menem to run for reelection, when it gave definite approval just after midnight to the bill declaring a need to modify the Constitution.

The bill was approved in general at 0050, with 38 senators voting in the affirmative and seven against. Although the Senate sponsored the bill, it was approved with modifications to the section pertaining to the mandate of the senators, with the final decision being left to the Constituent Assembly. [passage omitted]

At exactly 0100, Senate President Eduardo Menem announced that the bill had been definitely passed into law and would be sent to the Executive Branch for its promulgation.

Union Praises Government Action on Wages

PY3012001193 Buenos Aires BUENOS AIRES HERALD in English 29 Dec 93 p 5

[Text] (DYN)—The Argentine Industrial Union (UIA) yesterday praised the government decision to cut employer contributions to wages, calling it "the government's most significant deed in terms of reducing labour costs."

UIA President Jorge Blanco Villegas said that "if labour reform and changes to the system of worker's compensation for accidents is soon added to the spirit of this law, more new jobs will be created and we believe that current unemployment figures could be cut in half."

Blanco Villegas met with newly appointed Labour Minister Armando Caro Figueroa yesterday to deliver this holiday greeting. Caro Figueroa, accompanied by Labour Secretary Carlos Etala and Social Security Secretary Walter Schultess, received praise from the industrialists, but also heard their complaints that the labour reform law has still not been passed by Congress.

Blanco Villegas said that "bringing down the 'Argentine cost'" is the most important issue to the UIA and added that "labour costs are a significant part" of Argentina's inflated cost.

Meanwhile, the Argentine Chamber of Commerce yesterday released a statement calling for "a wide-spread freeing up of the labour market" and an "effective deregulation of the union-controlled health care plans" to ensure lower costs for the private sector. The Chamber argued that the above measures will "generate more jobs and greater well-being for the people."

UCR Statement Stresses Democratic Achievements

PY3012115393 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0032 GMT 30 Dec 93

[Text] Buenos Aires, 29 Dec (NA)—The National Committee of the Radical Civic Union [UCR] led by Raul Alfonsin today stressed the achievements obtained during the 10 years of uninterrupted democracy which was completed this month, and the "definite establishment of the path of liberty and modernization chosen by Argentine society."

In a statement released tonight and which is signed by Alfonsin, the UCR officials stressed the need for constitutional reform approved yesterday in the Senate, a project "which will help amend constitutional mechanisms and guarantee a better functioning of the republican institutions."

The statement adds: "The achievements obtained not only avoided a serious threat to democratic integrity, but have helped begin a reform process that will benefit all citizens."

The national committee statement continues in this manner:

"Our satisfaction is intimately linked with having achieved a reduction in the hyperpresidentialism [hiperpresidencialismo] governing us. The agreements formalized with the government and approved by Congress create the figure of a chief of the cabinet of ministers, who will also render accounts before Congress—revaluing its importance—and will be in charge of state administration.

"The justice system, which has today deteriorated so much because of sluggishness, because the laws are scarcely abided by, and because these laws are so delayed in their application, will begin taking the necessary path for its restructuring. The prosecuting jury will be the instrument for guaranteeing the implementation of impeachment and for separating it from party interests. The Council for Magistrates is the institution that will guarantee the designation of justices of the law and not judges of power.

"The direct election of the president of the nation, with runoff elections, is a guarantee against political collusions and settlements. National senators will also be elected directly, and there will be three per province (two for the majority, and one for the minority), guaranteeing openness and federalism, which today are so devalued.

"It was also achieved that the mayor of the federal capital will be elected by the people of that district, which means that he ceases to be a mere delegate of the presidency. This old aspiration of the Buenos Aires people will soon become a reality.

"The constituent deliberating process which is opening up will allow progress in an all-embracing and integrating manner, so as to link the set of problems, needs, and demands which each parcel of our Argentina is experiencing with the crucial challenges the democracies must face during this end of the century.

"The UCR aspires, again, to lead that process," the statement concludes.

Primary Surplus Grows, Exceeds IMF Target

PY2912212893 Buenos Aires BUENOS AIRES HERALD in English 29 Dec 93 p 5

[Text] (NA-DYN)—A primary surplus of some 602.8 million pesos was achieved in November, bringing the total so far this year to 4.9 billion pesos, exceeding the 4.4 billion-peso target set by the International Monetary Fund.

According to a report issued by the Treasury yesterday, November showed an income of 4.25 billion pesos with primary spending of 3.65 billion pesos. Current revenue totalled 3.65 billion pesos while current expenditure was 3.48 billion pesos, producing a savings of 370.6 million pesos.

Taxes brought in 2.59 billion pesos, followed by the social security system with 991 million pesos. The provinces and City Hall received 1.21 billion pesos, while 987.7 million pesos went to social services.

The Public Revenue Secretariat yesterday reported that tax revenue as of December 23 was 2.87 billion pesos, exceeding the target by 0.9 percent.

Power Failures Reportedly Caused by Sabotage

PY3012015793 Buenos Aires NOTiCIAS ARGENTINAS in Spanish 1834 GMT 29 Dec 93

[Text] Buenos Aires, 29 Dec (NA)—Electricity Department Secretary Carlos Bastos reported today that the electricity cuts recorded on 28 December in different parts of the country were caused by sabotage to the power lines coming from the El Chocon and Salto Grande hydroelectric dams.

Bastos said that to repair the lines a program of rotational cuts of between 20 and 30 minutes has been prepared.

In a news conference Bastos explained that last night, between 1945 and 2120, three different acts of sabotage were carried out on the power lines coming from the El Chocon and Salto Grande dams, leaving some 800,000 people in this capital and an unspecified number of inhabitants in the country's interior without electricity.

Since repairing the damage will require between 24 and 48 hours, a plan of cuts in electricity service during "peak" consumption hours had to be implemented. Bastos denied that the cuts could be extended until 31 December.

The secretary said the energy supply through a line that links the Salto Grande hydroelectric dam with the locality of Santo Tome, Corrientes Province, was interrupted at 1945 on 28 December. When the failure was investigated, it was discovered that it was caused by a chain thrown on the high-tension power line.

Later, at 2020, a second sabotage was carried out, this time on a pylon for a power line from El Chocon, in a place called Unanue, near the intersection of National Route 35 and Provincial Route 215, La Pampa Province.

In this manner, the power supply was cut from one of the lines that link the dam with the cities of Puelches (La Pampa) and Henderson (Buenos Aires).

An hour later, at 2120, a third attack was recorded only 12 kms from the site, on the other high-tension power line that runs parallel to the first.

Bastos said that although the reasons are not known so far, he did not rule out the possibility that the objective of these attacks might be the "disruption of the development of events in the energy field or the total political environment" in the country.

"So far we have no evidence to attribute the responsibility for these attacks, but we fully rule out that they could have been instigated by Light and Power Union leaders," Bastos said.

He added: "Since the repair work will demand between 24 and 48 hours by the Transener company, it is probable that rotational cuts will take place during peak hours, affecting 2 percent of the demand."

The plan for cuts has been imposed because "since the links with the generating plants are cut, the distribution companies are restricting the supply to preserve the system."

Coast Guard's New Leadership Announced

PY2912213093 Buenos Aires BUENOS AIRES HERALD in English 29 Dec 93 p 13

[Text] Below are the names of the new Coast Guard top brass as per the promotions passed by President Carlos Menem recently, according to a recent Coast Guard communique (all prefect-generals unless otherwise stated):

Chief-of-Staff: Jorge Humberto Maggi; Deputy Chief-of-Staff: Jorge Arnoldo Gentiluomo; Intelligence Chief: Carlos Justo Leyes; Navigation Safety Police Director: Andres Ramon Lorenzo; Personnel Director: Juan Marcos Redon; Security and Law Enforcement Police Director: Raul Celear Dimarco; Secretary-General: Prefect Major (presently upgrading to Prefect-General) Juan Carlos Rinaldi; and Administration Director: Prefect-Major (also upgrading to Prefect- General) Ruben Roberto Astiasaran.

* Cavallo Focuses on Menem's Next Term

94SM0133D Buenos Aires CLARIN in Spanish 23 Nov 93 p 21

[Text] In a show of reelection faith, Domingo Cavallo announced on Friday the 19th that he is working on the economic program for the next government term. But the minister cautioned that major innovations are not to be expected, because the plan will be merely a continuation of the "Argentina in Growth" program, which spans the period between 1993 and 1995.

Work on the plan is still at a very preliminary stage, as far as CLARIN has been able to determine. For the moment, Cavallo has ordered all departments to submit their respective sectorial projections and to detail the principal

projects that, in the view of each secretary, will be developed between now and the dawn of the new century, or the end of 1999, to be exact.

Juan Jose Llach, the official programmer on the ministry's staff, will be responsible for centralizing all of that information. It was he who headed the drawing up of the 1993-95 projections, and who suggested the ambitious subtitle of the project: "Program for the Consolidation of Stability, Economic Growth, Promotion of Employment, and More Equitable Distribution of Revenue."

In this regard, noting that everyone everywhere is talking of "the second part of the convertibility plan," Cavallo made it a point to lower expectations: "I never measure the consequences of my words," the minister acknowledged.

He did not provide many leads as to the contents of the plan, except for one: "No modification whatever is being contemplated with respect to the rate of exchange," he said.

Another disclosure was that "by the end of next year, Argentina will no longer need IMF plans to keep its balance of payments in equilibrium. They will be funded through the capital markets, as in the case of all countries with a stable economy," he indicated.

Cavallo stated without the least hesitancy that "we are optimistic" concerning the reelection of the president in 1995. This is why he is preparing to be the minister of economy with Carlos Menem.

"When the people have to vote in 1995, the government will have a concrete economic program to propose to them, and the electorate will be able to decide freely, and with facts in hand, whom they will vote for," said the minister.

Be that as it may, the Ministry of Economy's staff acknowledged that the official projections "have only indicative value," as it may be difficult to realize them all down to the last detail.

* Sugar Imports Prompted by Frost, Deregulation

94SM0133A Buenos Aires CLARIN in Spanish 23 Nov 93 p 2

[Text] This year's meager harvest will result in a shortfall of 130,000 tons of sugar. In part, this situation has stemmed from frost. But there is a fundamental problem: This production has already been released to the marketplace. The shortfall will have to be made up by imports. And 6,000 tons have already been brought in from Brazil. A decree is expected to be issued authorizing the sugar refiners and the sugarcane growers' cooperatives to be the direct importers. Also being prepared is a tax abatement measure intended to prevent the wholesale price of sugar from exceeding 50 cents per kilo.

For the first time in some time, Argentina is importing sugar: 6,000 tons in two shipments of 3,000 tons each have arrived from Brazil. The causes: The extremely lengthy frosts, at - 5 degrees for periods of up to eight hours, that ravaged the sugarcane plantations, but more fundamentally, the consequences of the deregulation of farming, with the elimination of sugar quotas, and the funding crisis.

All of this has caused a sharp drop in production this year. The milling of the 1993 harvest is now completed. In 1992, 1.282 million tons of cane were milled. But this year, less that a million tons were harvested. This substantial drop has dealt Tucuman's sugar producers—consisting of industrialists, growers, and workers—a shock from which they still have not recovered.

Decree

There are indications that the required importation exceeds by far the mentioned 6,000 tons, and is actually estimated at 130,000 tons. The Ministry of National Economy has studied the situation through its Directorate of Regional Economies, and is ready to propose to the National Executive Authority a decree specifically authorizing the production mainstays, that is, the sugar refineries and sugar growers cooperatives, to be the sugar importers.

To the extent possible, an effort is being made to prevent excessive price swings, bearing in mind that last year's disorderly marketing brought values down to unprecedented levels of $0.20 a kilo. This had a severe adverse effect on the crop effort at the plantations.

Tax Abatement

In view of the crisis and the deficit, a proposal is being drawn up that would provide for using the abatement of two taxes as a basic tool: One would be the 10-percent statistical tax, and the other is the basic tariff protection tax. The decree being prepared for signature anticipates recovery of the tax credit through future exports and within three years, and will require the companies to obtain a bank guarantee. It is estimated that with import and bulk-breaking expenses, and without the tax abatement, the cost of imported sugar, shipped to Buenos Aires, will be $0.47 a kilo. With the abatement, this price could be brought down to $0.40 a kilo. The government is trying to ensure that the wholesale price of sugar will not rise above $0.50.

* Seminar Unveils Plan for Competitiveness, Quality

94SM0133B Buenos Aires CLARIN in Spanish 26 Nov 93 p 28

[Text] Angel Perversi, who heads Bunge & Born [B & B], spoke yesterday at a seminar on the role of the state in the Argentine economy. But he did not begin his talk with references to big issues. He began it "at home," unveiling his strategy for restructuring the Argentine multinational company. He views his company not as an isolated entity, but as one tied to the policies of the productive sector in general and of the government itself.

The executive argued that the modern concepts of quality management can perfectly well be applied to the functions of the state, for example, in the management of hospitals.

Perversi's philosophy is: Concern yourself with quality, improve methods, seek a dialogue with people, and promote education.

According to this Argentine, whom Bunge tore away from Spanish General Motors, a decree can be issued in 24 hours, but what cannot be done is change a cultural pattern in one day. "This is why an educational plan is so important, from grammar school through the training of the professionals who will be going into business as well as government." To involve the public as well as the private sectors, Perversi proposed a National Quality and Competitiveness Plan that can count on the Ministry of Economy's support from the very outset. These same ideas must be infused into the management and operation of small and medium-sized businesses, to introduce technology, not necessarily the most complex initially, but technology capable of lowering Argentine costs.

Perversi dwelt on the reduction of costs but "in a balanced manner and working jointly with suppliers and the supermarkets. This undertaking is all the more urgent given that no change in the exchange rate is foreseeable."

In answer to a question, the B & B official acknowledged that Argentine products do not enjoy a good image abroad, and this is because in this country "we have devoted our efforts more to the acquiring of financial power than to improving the quality of what we produce." Even Bunge & Born, to produce Matarazzo noodles and spaghetti, has to import durum wheat from Canada, because the wheat produced in Argentina is of insufficient quality.

His prescription is: "Train yourself, train yourself, and train yourself. And educate those who want to be educated." To this end, his corporation has brought over a Japanese consultant, Masako Imai, whom he defined as "a miracle worker, not only as regards quality but also continuous improvement." Perversi announced that members of Imai's team will be working with the B & B group over the next three years. As for the work of the McKinsey consulting firm, which conducted a diagnostic study of B & B, Perversi stated that it did not concern B & B's central strategies. "McKinsey specified for us what to produce."

Yesterday, the B & B executive provided a glimpse of things to come within the corporate group. He did not rule out the possibility that over the next three years, it will divest itself of those firms that do not go to the core of B & B's business. Perversi is a dedicated follower of Imai's doctrine of working together as a team with the company's employees, and not isolating himself. "We must abandon the West's exclusionary parental (or paternalistic) focus, that of keeping people at a distance. We must talk more with our employees, make them coparticipants, and stop managing companies by remote control."

Roberto Alemann, who also took part in the seminar, contributed his thoughts. He took credit for a sizable part of the economic plan: "The Argentine economy is now totally deregulated. I am proud to have introduced the deregulation issue in this country 12 years ago, in November 1981."

In Alemann's view, the Argentine case resembles the German one much more closely than it does those of the English-speaking and other European nations. Why? Because both Argentina and Germany have suffered from hyperinflation.

[Box, p 28]

Thatcher-Style Privatizations

A seminar organized by the IRELA [Institute for European-Latin American Relations and Secretariat of the Civil Service], at the Alvear Palace Hotel, began yesterday and ends today. It is analyzing the role of the state in a deregulated economy, privatizations, and increasing the competitiveness of the economy. The Argentine experience is being compared systematically with those of France, Germany, and Great Britain, in that order.

One of the conclusions drawn by the IRELA—which functions as an agency of the European Community and has its head office in Madrid—is that what Argentina is doing resembles the British model more than it does the French or German one.

This is to be understood in the sense that the Argentine privatizations went much deeper and the process was completed much more rapidly than in the German and French cases. This does not mean, however, that they are devoid of problems. For example, suitable regulatory frameworks still have to be defined, and the state has yet to perform its inherent functions without further intervention in the economy.

Also taking part in the seminar were Dieter Oldekop, head of the European Community delegation in Argentina; Wolf Grabendorff, head of the IRELA; Dieter Helm of Oxford University; and Jonathan Haskell, of the University of London.

It was acknowledged, and by various British speakers in particular, that privatization and technological change generate unemployment, a scourge that is difficult to combat in the short term, because "it is structural."

* Beer Industry Attracts Foreign Investment

94SM0133C Buenos Aires CLARIN in Spanish 28 Nov 93 p 20

[Text] Beer, with an annual consumption rate of 30 liters per capita in 1993, has become an excellent business. The two traditional giants—Quilmes and Bieckert—enjoy a comfortable sales lead, but the attraction of a market that does not stop growing, thanks to the new habits of the young, is drawing the attention of foreign companies. Brahma, one of the leading Brazilian companies has already placed its bet not only on increasing its sales but also on transferring part of its production.

In financial jargon, which is very much in vogue today, any market in any corner of the planet that rises in category and becomes a leading player is defined as "emergent." Whether it be rising to fight for a rung halfway up the ladder or merely the bottom rung, the important thing is

that it be rising to stay. Astride the Mercosur [Common Market of the South] and a consumption rate whose rise shows no signs of abating, this is what is happening to the Argentina's beer industry.

In little more than a decade, the consumption of beer per inhabitant has quadrupled. The reasons are many, but two outweigh the others: The product is cheaper than it used to be, and the public that consumes it is steadily growing younger, hence larger in number.

Sales have quintupled in 12 years. In 1981, Argentines drank 2 million hectoliters. This year, the figure will rise to 10 million, attaining the record figure of 30.1 liters annually per inhabitant.

Over the past 104 years, two companies have turned the Argentine market into an oligopoly with billings that now exceed $500 million a year. But companies from abroad now want to cut in on their market. In less than 18 months, Quilmes, with 75 percent of the market, installed in Argentina since 1889, and with billings of over $400 million annually, and Bieckert, which began in 1860 and has 14 percent of the market, will be facing competition on their own playing field from Brahma and Warsteiner.

The latter are not just two of the 70 brands of beer being imported into the country since the lifting of import controls, but rather two world-class heavyweights, each of which will build an industrial plant in Zarate, under the very noses of the Bemberg group. Quilmes has invested $72 million in its new factory there and is spending another $56 million to double its productive capacity.

Warsteiner, a German giant with annual billings of $10 billion, has trained its sights on Argentina, has found a local partner for the areas of administration and finance, and signed an agreement with Banco Extrader, which has assumed 20 percent of the undertaking. The company will spend $60 million to install the Isembeck beer factory in 11 months. "Isembeck will cost a little more than the others, because it is a premium beer, equivalent to the black label in whiskeys," says one of the directors of Extrader, privately.

The question: "What portion of the market do you intend to capture?"

Their answer: "We calculate a cut of 8 percent."

Brazil's Brahma, on the other hand, is showing a lower, more cautious profile, but is also expediting its plans to set foot in the Argentine market with its own production. In Brazil alone, it manufactures 34 million hectoliters of beer a year, three times the entire Argentine market.

It has now defined its industrial plan in Argentina. It has bought Londrina, its partner in the malt factory (see box) and strategic distribution network, which operates through Brahma. It has installed its offices in Catalinas and has spent six months searching for a terrain on which to build a factory in Argentina that, it says, will cost between $60 and $100 million. It has finally settled for a piece of land in Zarate and estimates it will begin manufacturing Brahma beer as an Argentine industry in 18 to 24 months.

CLARIN asked a spokesman for Quinsa, the Bemberg group's industrial division: "Does the coming of the foreigners not worry you?"

"Not at all," was his reply. "The coming of competitors will enlarge the market. We did it in Chile."

In fact, the Chileans of the CCU [United Breweries Company, Inc.] had monopolized their domestic market and had extended their tentacles to Cervecerias Salta, where they control the market in northwestern Argentina. But they had to cede 20 percent of the pie when Quilmes, in association with Heineken, crossed the Andes two years ago with Beck beer. Now, the Chileans are seeking revenge. In June, their board of directors approved the installation of a plant in Argentina. But they are still playing she loves me, she loves me not, between Mendoza and Buenos Aires. And they are attentively watching the evolution of the market, which, for its part, is also trumpeting the possible arrival of Belgium's Interbrew Lewer, with an investment of $50 million.

The owners of the pie are also not playing dead. Besides expanding the Zarate plant, Quilmes is modernizing its plants at Corrientes (Rio Parana) and Mendoza (Andes), an undertaking that will cost it $55 million.

[Box, p 20]

Malt: Another Battleground

Malteria Pampa is being seduced and abandoned. Around the beginning of this month, the plant that Brahma and Londrina have been building since 1986 to supply Brazilian factories with this raw material welcomed Canada Malting, the world's second largest malting plant.

Rumor has it that Brahma wants out of the raw materials business so as to concentrate on beer. The Brazilians and Argentines both ceded 10 percent of their stakes in Pampa so as to enable Canada Malting to enter it with a 20-percent stake and a capital input of $14 million. But the agreement goes further. Canada Malting has an option to augment its stake to a controlling level of 33.33 percent of the company. It depends on two conditions:

- The Canadians must place the product in the Asian and African markets, where they are the traditional suppliers. They are projecting sales of 15,000 tons in 1994 and 38,000 tons annually thereafter.
- Malteria Pampa must not lose its status as a binational enterprise. The Canadians have conditioned their participation on the company's position in Mercosur.

Quilmes has decided to reinforce its position in this strategic sector. When its president, Andre de Ganay, communicated to Domingo Cavallo the company's decision to invest $145 million, he included in the package the $34 million that will go into the new malting plant at Tres Arroyos. This plant will begin operating next year.

Bolivia

Border Problem With Chile in Treaty 'Interpretation'

PY3012110393 La Paz Television Nacional Network in Spanish 0100 GMT 30 Dec 93

[Text] A commission headed by the foreign minister and the commander in chief of the Armed Forces yesterday visited the border between Bolivia and Chile. The commission went there to monitor how the border controls are maintained in that area, and to see the situation of border stones, especially the one under contention, namely the border stone of Cerro Capitan, following allegations by Oruro's Civic Committee that it had been removed. The commission took the necessary measurements using equipment from the Military Geographic Institute. The conclusion, according to Foreign Minister Antonio Aranibar, is that the border problem with Chile in that area lies in the interpretation of the 1904 Treaty rather than in the removal of border stones. Moreover, after visiting several villages where divisions of the 22d Infantry Battalion (Mejillones) are stationed, the commission verified the precarious conditions under which border controls are carried out in Bolivia.

[Begin Aranibar recording] Amid this precariousness, it is possible to see the great patriotism and the degree of commitment, devotion, and sacrifice with which officers of our Armed Forces and soldiers, the rank-and-file of our Army, discharge their duties in controlling and overseeing our country's borders. [end recording]

With regard to this subject, the foreign minister further stated that the government and the Armed Forces have agreed to give preferential and special treatment to border control tasks, which have up to now been ignored, relegated, and barely taken into account by the Bolivian state.

Minister Comments on Colombian Cartel Connections

PY2912181193 La Paz HOY in Spanish 16 Dec 93 pp 6, 7

[Text] Minister of Government German Quiroga has stated that drug trafficking has been getting worse because the traffickers use high technology and have effective means of communications, which make it difficult to catch any of them during interdiction operations.

He added: "Nevertheless, our Special Antinarcotics Force (FELCN) is a source of pride for our country, because it has shown enough results to prove that it is the best of the continent despite its technological limitations."

Quiroga explained that there are some signs that the Cali cartel and other Colombian cartels are branching into Bolivia because of the pressure they are under in their own country. "Because of the severe pressure they are under in Colombia, the cartels are moving into certain areas of the Chapare region. Bolivian intelligence services are evaluating this situation," the minister said.

Quiroga added that the two large drug rings discovered in Bolivia this year, namely the Gutierrez affair in Santa Cruz and the Ferreira family in Cochabamba, indicate that there are connections with Colombian drug cartels. "We hope that these people do not actually come down here, and if it does happen we will try to stop them," Quiroga added.

According to Minister Quiroga, the Chapare region in Cochabamba is divided into five areas which are full of coca plantations, way above the amount allowed for supplying the traditional use of coca leaves. In view of this Bolivia has made it clear to Edward Casey, U.S. assistant secretary of state for South American affairs, that it proposes to implement a policy of eradication taking into account the economic aspect of the issue.

"Unless we are able to find an economic solution to the resulting loss of income for the coca farmers there is very little we can do to move forward. Therefore, an aggressive policy of industrialization must be devised to foster crop substitution in the region," Quiroga said. He reiterated that approximately 90 percent of Chapare coca plantations are used to supply drug traffickers.

Minister Quiroga stated that alternative development projects have made significant headway because otherwise coca cultivation would have experienced an impressive growth. "Initial steps have been taken, and the within the framework of the reorganization of the Executive Branch and of the rules and regulations on the duties of each ministry, the Alternative Development Fund has been restructured, establishing a board which has representatives from Chapare and Yungas," he added. The idea is to work together with this fund in order to implement eradication policies together with alternative development projects, an approach which is different from interdiction.

FELCN Arrests 'Number 1' Trafficker Gandarillas Soriano

PY2912124293 La Paz HOY in Spanish 17 Dec 93 section 2 p 5

[Text] Santa Cruz, 16 Dec—The Special Antinarcotics Force (FELCN) has confirmed the arrest of Rene Gandarillas Soriano, who is currently considered to be the number one drug trafficker in Bolivia, although FELCN Commander Lieutenant Colonel Gonzalo Butron stated that Gandarillas Soriano is just "one of the many fugitive drug traffickers."

It was learned that Gandarillas Soriano had been pursued for several months by the antinarcotics organizations until he was located while having dinner with friends in the El Jacuu steak house.

The drug trafficker was sent to La Paz, but was returned to this city to face trial under the precepts of Law No. 1008.

According to antinarcotics authorities, Gandarillas Soriano is linked to the case for which Juan Carlos Velez is being tried, and presumably has links with Nando Gutierrez Mansilla, who is currently jailed in Chonchocoro.

FELCN sources indicated that Gandarillas Soriano is a much more important trafficker than Logio Yoyo Nunez Vaca and Hernando Nando Gutierrez, who were arrested in the "Without End" and "Gigantic White" operations respectively.

Coca Farmers Leader Opposes U.S. 'Zero Option' Proposal

PY2912140893 La Paz PRESENCIA in Spanish 17 Dec 93 p 4

[Text] Cochabamba, 16 Dec—Coca farmers from the tropical region of Cochabamba Department have "energetically" rejected the U.S. proposal called "zero option," which calls for the total eradication of coca plantations.

William Condori, finance secretary for the Special Federation of Tropical Region Peasant Workers [FETCTC], told PRESENCIA: "We absolutely and energetically reject this proposal, and will not allow its implementation and the eradication of our coca plantations."

He explained that the "zero option" the "gringos" are proposing calls not only for the eradication of the so-called excess coca plantations, but also plantations intended for the "traditional" use of the leaf. In other words, "they want to eliminate coca completely so that not a single plant is left."

According to Condori, the U.S. proposal allows 18 months for the total eradication of excess coca plantations and 48 months, or four years, "to put an end to the coca myth." He added: "To put an end to the coca myth is to end our culture and that is out of the question; (the North Americans) will have to finish us off first."

The peasant leader explained that this new "offense" directed at coca farmers has been fully analyzed, and it has been decided that it is just "another approach" aimed at provoking the peasants, fostering violence, and militarizing coca-producing areas in order to eradicate coca plantations by force. "There is just no other way," he said.

Condori recalled that in the past, North Americans had devised a "low-intensity war" which failed, adding that "this onslaught will fail as well because eradicating coca plantations means leaving thousands of Bolivian families without sustenance."

He emphasized that the peasants are not against drug enforcement. "Drug trafficking is a different issue. The repression is aimed at coca farmers, not against the drug traffickers, and less still against the big fish who walk in and out of the U.S. Embassy. The target of the repression are the Bolivian peasants who cultivate coca," Condori emphasized.

He pointed out that coca farmers have declared U.S. Ambassador Richard C. Bowers "persona non grata," and reaffirmed that the settlers in Chapare are organized to oppose "not only the zero option, but any other kind of repression that will take away our sustenance."

* Challenges Facing Industry; Goals Discussed

94SM0145A Havana HOY in Spanish 21 Nov 93 p 4

[Interview with Carlos Morales Landivar, Secretary of Industry and Commerce, by Arturo Gandarillas Galarza]

[Text] The nation's industry is still weak and vulnerable to an obstructionist bureaucracy at home and to international competition that subjects it to considerable structural pressure.

Promoting and strengthening it will take lots of time, but what can be done should be done. The goal is to achieve a future less fraught with uncertainty and to meet the challenge posed by opening markets and access to credit and technology.

The hope is that social, economic, and political conditions will make it possible to preserve a measure of stability. This means avoiding shifts in exchange rates, interest rates, and other factors that could cause trouble.

These in a nutshell are the views of Carlos E. Morales Landivar, secretary of industry and commerce. He offered them during an interview that focused on the sector he heads.

At 50, Morales Landivar is married and the father of three children. He is a civil engineer with a degree from the University of Buenos Aires. He has headed several companies and served as vice president of the Bolivian Chamber of Builders and first vice president of the Bolivian Private Enterprise Confederation. He is a former president of the Chamber of Commerce and the Bolivian Highway Association. He has taught at the Catholic University and has held the post of minister of energy and fossil fuels.

His professional background qualifies him to lead a secretariat that is both complex and promising. The key to success is patriotic and technically exacting management of the agency and the sector it oversees.

Our review of the sector turned up structural problems that are curable through the setting of goals and objectives and the application of existing instruments and incentives. However, schemes for remedying bureaucratic foot-dragging through education and public "consciousness raising" are romantic and fanciful. But at least they are being expressed.

What follow are the ideas that stood out in an interview seeking to show a cabinet secretary's thinking and viewpoints concerning the development of Bolivian commerce and industry.

[Gandarilla] Can you offer a diagnosis for the nation's economy?

[Morales] GNP amounts to no more than $6 billion or $7 billion; annual income per capita is between $700 and $800. Imports average $1.2 billion a year and exports $800 million, resulting in a balance of trade deficit of $400 million. When you compare the value of exports with a national debt of $3.5 billion, the picture that emerges is not very pretty. You have low economic activity, a small

market, and few exports; what exports there are still leave a deficit in the balance of trade. In short, this sector operates in a weak economy.

[Gandarilla] What did your secretariat do during the administration's first hundred days?

[Morales] It is one thing to have statistics and another to be able to look in the drawers. The first thing we did was to gather information about industrial behavior. This served as a basis to call for investment incentives and enforcement of regulations in the export law. We called for making the Institute for Standards and Technology operational so our laboratories can confirm the quality of products for export. We asked for a legal framework to cover arbitration and conflict resolution. We pursued negotiations with such neighboring countries such as Paraguay with whom we have no bilateral trade. This is now being looked at by a Mixed Commission seeking to identify complementary trade possibilities. We organized an administrative commission and got expert agreement on how to develop complementary trade with Chile. We looked into complementary trade with Mexico and Brazil and did follow-up work on the trade agreement with Peru. At the institutional level, the secretariat has been reorganized. Along with 50 Santa Cruz businesspeople, it took part in the Santiago, Chile, Trade Fair, attended the Santa Cruz Expo Fair, and inaugurated the La Paz Crafts Fair. The secretariat has drafted proposals to attract international investment and financing for submission to the Inter-American Development Bank and the World Bank. The secretariat has arranged $4 million in private credits for the free industrial zone at El Alto. We have attended meetings of the Uruguay round including the GATT preparatory sessions.

[Gandarillas] And after the first hundred days, then what?

[Morales] After the first hundred days, we have clearer ideas about how to strengthen the position of small and medium industry, not only in domestic markets, but in external markets, too. We have afforded them access to credit, guarantee funds, export credits, technology transfer, and the sharing of information about designs and market trends.

Concerning large industry, the goal is consolidation in order to avoid unnecessary imports. This entails opening markets, something that involves give and take and must be done with care. For instance, if we open up foreign markets, we must also open our own. In addition, before we enter foreign markets, we ought to have something exportable to offer.

[Gandarillas] How do you expect to generate something exportable?

[Morales] Basically, we think stability at the macroeconomic level has to be our first priority. This means controlling the fiscal deficit, keeping exchange rates stable, and preserving acceptably low rates of inflation. These are the things people need to feel comfortable about investing. It's what enables them to raise and improve production in a framework of legally binding investment guarantees and, in the process, seek to close the trade deficit.

[Gandarilla] What goals are running into resistance?

[Morales] From a quantitative standpoint, the goal of boosting, and if possible doubling, traditional exports. (Obviously, imports of components, materials, and other supplies are bound to rise.) We have to turn the trade deficit around, increase the volume of trade, and replace imports.

[Gandarilla] Considering the credit problem caused by high commercial bank interest rates, how do you expect to solve these problems?

[Morales] We will work with a new mechanism that consists of setting up a second-level bank, something roughly similar to the old trade management section of the central bank. This will serve as a conduit for resources at lower and more acceptable interest rates to foster industrialization and exports.

[Gandarilla] What kind of industries are suitable for successful reentry into the international market?

[Morales] We should not overlook anything. Soy, lumber, cotton thread, some coffee, leather, gold, and gold crafts have made up the bulk of our traditional exports. The idea is to build on these same industries. Given the kinds of the support we've been talking about, it should be possible to boost value added. Instead of exporting thread, maybe we could sell finished garments; instead of lumber, furniture. We could improve the quality of our craftsmanship and begin doing silverwork.

[Gandarilla] How long do you think these upgraded industries would need to become competitive internationally? How can you control the trade deficit and avoid superfluous imports when complementary trade pacts continue to open Bolivian markets to foreign business?

[Morales] Bolivia does more business with its neighbors than with more distant countries such as Colombia, Venezuela, or Ecuador, for example. Let me stress that to do better we will have to generate more value added. Our principal trade with Europe is in those minerals that remain profitable despite problems with the high cost of shipping. Besides, where Europe and the United States are concerned, generalized system of preferences eliminates the need for reciprocity, and this is an advantage we have to exploit. We need to work out joint ventures with countries or companies already doing business in preferential markets. All this takes time. Remember that in Chile, for example, it took over a decade's hard work to turn exporters into genuine "cultural heroes." What we want to leave behind are structures and laws that continue to sustain free zones while teaching bureaucrats to lower existing roadblocks. For example, an exporter has to wait three or four days for insurance, and the hassles at customs in La Paz used to be shameful. Although the situation has improved somewhat lately, importers and exporters are targets for extortion. People are still subject to the humiliation of searches behind the curtain for reasons of drug trafficking. All our procedures are complicated, and what

we want to do is educate people because the tendency to harakiri (Japanese suicide) is very strong here. We are in the habit of accentuating the negative and restricting the positive. Maybe our Spanish, Aymara, Tihuanacota, Tupi, and Guarani origins are to blame for all this. We also have the Italian weakness for tragedy and melodrama which gets us into a lot of trouble. All this has to change.

[Gandarilla] Are you saying that not much was done to modify this behavior in the past and that it will take a decade—as it did in Chile—to make any industrial progress and boost exports?

[Morales] It would be unfair to ignore the major achievements of the past, but attempts to move forward have not been very consistent. Although there have been steps forward as well as backwards, the fact is there has never been a decade of sustained progress. There are lots of examples like the lamentable management of the Lithco case and the casinos which may or may not have obtained the required permits. There were the COBEE [expansion not given] negotiations, the increase in the value added tax from 10 percent to 13 percent, the sales tax hike from 1 percent to 2 percent, the simplification campaign, the Starco contract, and several others that were signed one day and rejected the next.

What happens in Bolivia is that "yes" never means "yes," and "no" never means "no." It is half "maybe" or "who knows." This creates a hostile climate for investment, and nobody is sure what's going to happen to their money. Added to this is large- and small-scale corruption plus problems with the judiciary that are bound to undermine confidence. All this has to change if we want to get ahead industrially and export more.

Brazil

President Franco Delivers Year-End Message

PY2912232493 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 29 Dec 93

[Speech by President Itamar Franco over national radio and television network; place and date not given—recorded]

[Text] In these days when hope for the continuation of life and the construction of a universal brotherhood is renewed in the homes and the hearts of all citizens, I want to extend my embrace and my desires for personal happiness to all Brazilians.

Over the past few months we have lived through difficult moments filled with emotions and benevolence. Brazil has been able to find again in its people—who have never lost them—those values without which nations decline and die.

We have not only recovered civic pride, moral courage, and the testimony of patriotism, but the feeling of solidarity also has returned to our souls, that feeling that makes national societies cohesive and invincible. It was the people, who, over the past few months, not only expressed their democratic rights but conveyed their demand for justice.

Brazil has accrued a surplus in its trade balance. It has increased production of energy. It has opened new frontiers of knowledge and expanded its relations with the world's other countries. It can be surely said that the Brazilian economy has grown in all areas. We have left recession behind.

For the first time the government has submitted a real budget without a deficit to the national Congress. But most important of all was the decision of the people to be united, to be organized, to exercise their right as the owners of national sovereignty and their own history.

We are trying to rebuild our nationality starting from its own foundations. Never in the past have we had such a clear conscience that we are a nation that only needs to be just to be powerful.

Our people know that in our democracy all men's rights are fully respected. The first of these rights is that of preserving and reproducing life. To achieve this society must guarantee work, education, and health for all. Without work, education, and health for all, the exercise of public liberties by citizens will continue being a privilege for minorities protected by oligarchies and corporations.

Citizens, businessmen, workers, students, young men and women, all Brazilians who day by day participate in the construction of the greatness of the fatherland: I am certain that we will have a new year with fewer difficulties. The government has reaffirmed its objective to curb and defeat inflation without allowing recession and unemployment. At the same time, I will fully exercise my political responsibilities, guaranteeing independence among the three government branches, the electoral campaign, and respect for the will conveyed through the ballot boxes.

Together, the people and the government, have done everything possible this year United we will continue working during the next 12 months. I wish happiness and peace to all Brazilian families.

Signs Fiscal Adjustment Plan Measures

PY3012000493 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 29 Dec 93

[Report by Luiz Augusto Mendonca from Planalto Palace]

[Text] President Itamar Franco today signed three provisional measures and a complementary draft law for the continuation of the fiscal adjustment policy.

The first provisional measure signed by President Franco modifies the percentages to be applied in income tax calculations. Seeking to meet the demands of the different political sectors and the government's own policy, the note says this provisional measure will not affect taxpayers paying a 15 percent tax rate. Those who would pay 25 percent will pay 26.6 percent.

A new tax percentage also was created: 35 percent for those earning more than 25,000 Ufir's [Fiscal Reference Unit] monthly, equivalent to $10,000, or 3.2 million cruzeiros. According to the note, this tax rate of 35 percent will affect about 15,000 people among the richest in the country.

The second provisional measure allows the collection of the ITR, the rural property tax, to be made in up to six installments.

President Franco also signed a complementary draft law that increases the social contribution on financial institutions' profits from 23 to 30 percent. The third provisional measure establishes control taxes for banks.

Possible Implementation of URV Pegged to Dollar Viewed

PY2912210893 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Dec 93 Economy Section p B3

[Article by Jose Carlos de Souza Santos, Juarez Rizzieri, and Luiz Martins Lopes]

[Text] One of the components of FHC [Finance Minister Fernando Henrique Cardoso]'s second economic plan is the establishment of an official leading reference index—the URV (Real Value Unit). The idea behind this is that all the economy's prices expressed and rendered effective in real cruzeiros are to be corrected by the URV. Once this "official" correction is prevalent throughout the entire economy, the government will create a new currency at par with the URV. Inflation under the new currency would be, at the very beginning, extremely low. There is expectation in the market that this leading reference index and the new currency will be pegged to the U.S. dollar, even though the finance minister has not said anything to that effect.

This prompted the idea of using data from the Fipe-Estadao [Economic Research Institute Foundation-O ESTADO DE SAO PAULO] Index to assess inflation's behavior in the area of competitive goods and services on the basis of their prices measured in U.S. dollars, as the nearest alternative to the future URV. This calculation is important because it measures the underlying inflationary trend for variations in free market prices, which react to demand shifts, especially those triggered by changes in the nominal income.

It is believed that there will be major price shifts in that area with the new currency, something comparable to what happened in Argentina, where the area of nontradable goods saw a considerable increase in prices. This price increase would be the market response to a surge in demand, caused in turn by an increase in purchasing power due to a declining inflation rate.

The data below shows the behavior of the trend in prices of these goods and services in a hypothetical URV by means of the Fipe-Estadao Price Index for competitive products, in the likely scenario in which the URV would be pegged to the U.S. commercial dollar. Even if the URV were to be linked to the concept of "contemporary inflation," the Fipe-Estadao Index registers the historical inflation curve based on an important group of goods and services that account for more than 50 percent of the economy. If public utility rates were included, the percentage may reach nearly 70 percent.

It should be pointed out that in the period from 6 August to 6 December there was 4.83 percent accrued deflation for competitive goods and a 5.34 percent increase in public utility rates. If one hypothetically considers that these sectors account for 50 and 15 percent of the economy, respectively, it follows that the accrued deflation for competitive goods is -2.4 percent and +0.8 percent for public utility rates, the remaining +4.6 percent being inflation in the noncompetitive private sector. Hence, one gets accrued inflation—in a URV pegged to the dollar—equivalent to zero in this period.

Therefore, had the URV pegged to the dollar been adopted in August, the contribution of the competitive sector would have been positive. For the first quarter of 1994, the scarcity of agricultural produce and the effect of the minimum wage readjustment on the service sector, together with cost pressures (interest rates, tax increases) by the noncompetitive private sector, will create problems for the URV's implementation. This leads one to conclude that the subsidized contribution will result from the control of public utility rates and the exchange rate itself.

Legal Dollar Market Reportedly Moves $150 Billion Monthly

PY2912201093 Rio de Janeiro O GLOBO in Portuguese 19 Dec 93 p 57

[Article by Cristina Alves]

[Text] The country's dollar market moves $150 billion monthly, that is, almost one and a half times the Brazilian foreign debt, 25 times the overall money volume in the pockets of Brazilians and in current account deposits in banks (equivalent today to $6 billion). And it still surpasses the total of real cruzeiros in the entire banking system—$120 billion, including funds, savings booklets, and CDB's [bank deposit certificates]. This $150 billion figure is also 50 percent greater than the volume negotiated in bank exchange offices in 1992. Focusing on this powerful market, the government seeks to guarantee the stabilization plan's success.

Jose Alfredo Lamy, vice president of Boavista Bank, which moved $2 billion in November alone, said: "For the first time the government wants to make it clear that the plan's success is based on the accrued dollar reserves, especially in the third stage that includes the creation of a currency convertible to the dollar."

The strategy of accruing reserves is part of the government plan that intends to authorize the conversion of the Real Value Unit (URV) to the dollar. "The idea is good, but the success of the fiscal adjustment and the privatization plan is essential," Lamy concludes.

To follow this strategy, the Central Bank purchased $10 billion from the exchange market this year and with that it increased the country's reserves from $23.754 billion at the end of 1992 to almost $34 billion. This $34 billion include the expected payments for foreign debt obligations and the entrance of new money. Therefore, this figure is not counted within the so-called "cash available concept" ["conceito de caixa"] of money available for the country. It is a more modest concept that does not scare international bankers so much.

Another banker said: "Until not long ago, the Central Bank did not like bragging that the reserves volume was so big because international bankers might think we were flooded with dollars. Then we would have to pay more foreign debt interest."

Today the Central Bank buys more rather than sells dollars in the market and this is the consequence of the greater flow of money into the country. The dollars brought to Brazil via exports and foreign investments are purchased by the Central Bank and transformed into real cruzeiros. Then the Central Bank sells public bonds and withdraws these cruzeiros from the market to prevent inflation. And interest rates are increased sky high so investors will continue buying its bonds. This is the carousel by which dollars are brought to the country and that led the Central Bank to buy the $10 billion from the market.

Foreign Money Holds Large Percentage of Stock Markets

PY2912212693 Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Dec 93 Business Section p 1

[Article by Carlos Alberto Sardenberg]

[Text] Foreign investors find that history repeats itself; therefore, if Chile, Mexico, and Argentina were able to overcome their inflationary crisis and began a new cycle of growth, the same thing should happen in Brazil. And if this is true, it is good business to be in Brazil now when everything is very inexpensive, especially shares.

Only this reasoning explains why the stock market registered a 100 percent value increase in dollars and received $1.9 billion of new money from abroad in 1993 when there were high interest rates, inflation, and successive political crisis.

Last January, foreign capital had $1.9 billion in shares in Brazilian stock markets, most of it in the Sao Paulo Stock Market, Bovespa. By 1 December, this investment reached $5.8 billion. Taking into account that the Bovespa index had 100 percent value in the first 11 months of this year and admitting that the foreigners' shares got the same earnings, foreign capital made a profit of $1.9 billion and brought about the same amount of fresh money.

With this volume of investment, foreign capital is already the main participant in the Brazilian stock market. The truth is, said Citibank capital market director Orestes Prado, if foreigners suddenly decide to sell their shares and leave the country, there would be no internal resources to buy the shares. The prices would fall hard.

Things happen on the stock market when people fear something will occur, therefore in this case prices would be falling already if investors realize the foreigners are leaving. But they are not leaving. No one in the market believes they will leave. And the majority of investors bet that the stock market will have a new value in 1994, including the investment of new dollars.

In round figures, there are three groups of large investors in shares: foreigners with $5 billion; the Brazilian pension fund also with $5 billion; and mutual funds, also Brazilian, with $1 billion. The remaining shares are spread around.

Brazilian companies with shares in the stock market currently have a market value of $90 billion. This figure is obtained by multiplying the value of each certificate in the auction by the quantity of registered shares. But not all the shares are available for buying and selling. Most of them are stored (the shareholder stores the certificates and never operates). According to market estimates, the certificates available for trading amount to about $13 billion. This means foreigners have around 40 percent of the shares in circulation.

According to Orestes Prado, the fall of the stock markets in Brazil cannot be blamed on foreigners who enter the market, buy, and do not sell. Of course, there were investors who sold and took their profits away. But as whole, the volume of foreign money increased practically every month.

This is, however, money for speculation; it is not investment to stay. According to businessman Roberto Texeira da Costa, leader of the Latin American Business Council, new productive investment by the multinationals will only come when the country's situation is stabilized. There are no prospects this money will come in 1994.

Finance Minister Stresses Significance of Debt Agreement

PY2912154693 Madrid EFE in Spanish 2104 GMT 27 Dec 93

[Text] Brasilia, 27 Dec (EFE)—Brazilian Finance Minister Henrique Cardoso stated on 27 December that the rescheduling of Brazil's foreign debt with commercial banks is very important for the nation's economy. Listing the economic achievements of 1993, Cardoso explained that after the agreement on $35 billion that was reached with the private banks, "our financial prospects finally look bright."

The Finance Minister indicated that the preliminary rescheduling agreement will benefit the Brazilian economy. It will reduce the foreign debt and extend the payback period to 30 years. By rescheduling the foreign debt "we have reduced the debt, obtained a grace period, gotten 30 years in which to pay back the debt, and the amounts we have to pay are within our economic means," Cardoso added.

The agreement with the creditor banks, which will be formalized in April 1994 after Brazil and the IMF negotiate a Special Drawing Rights agreement, will reduce Brazilian debts by $4 billion.

The agreement with the IMF is a requirement of the U.S. Government, which will be responsible for issuing the bonds which Brazil will have to buy for $2.8 billion as collateral to refinance the debt.

Cardoso, 62, said that he is satisfied with the work he did in 1993 to put some order into Brazil's economic system, especially in the deficit-ridden government finances, and urged public administration to "keep tightening its belt."

The economic stabilization plan that Cardoso presented to the public in early December, and which is still awaiting congressional approval, is the "course to be followed" in 1994 to reduce inflation without shock measures or violating contracts, according to the minister.

The independent Getulio Vargas Foundation has reported that Brazilian inflation, which averages 36 percent per month with a tendency to keep going up, has reached 1,828 percent so far this year.

Cardoso underscored the growth of the GDP in 1993, estimated at 4.5 percent—one of Latin America's highest—the production of cars, which totalled 1.2 million units, the growing employment, and the new international reserves record of $30 billion.

Cardoso said that once public finance are balanced off in 1994 following the elimination of the $22 billion public deficit, a new currency, which according to Brazilian commentators could be called "real," will be established. This new currency will replace the real cruzeiro, which was created in mid-1993 and has been loosing its value constantly since because of the soaring inflation.

"Once the house is in order we will have a new currency. Whoever wants to change it into dollars, francs, or pesetas will be able to go to any bank and change it. This currency will have a value; it will not evaporate or vanish while in the pockets of the workers," Cardos explained.

This week the administration will send to Congress the fiscal adjustment plan, which is based on the need to reduce the nation's budget for 1994 and an increase of 5 percent in taxes and other contributions.

Experts Discuss River Plate Environmental Problems

PY2912193693 Rio de Janeiro O GLOBO in Portuguese 11 Dec 93 p 25

[Article by Elza Oliveira]

[Text] Foz do Iguacu, Parana—In the Upper Paraguay River (which includes the Mato Grosso marshlands) deforestation and mercury are destroying the local fauna and flora; in Rio Grande do Sul 4 million hectares are in the process of desertification; in the Pilcomayo Basin—encompassing Bolivia, Argentina, and Paraguay—the flow of 98 million metric tons of sediment a year causes silting and flooding.

Those are some of the most critical problems discussed by participants in the First International Symposium on River Plate Basin Environmental Problems, which gathered more than 100 experts from Brazil, Argentina, Paraguay, Uruguay, and Bolivia in Foz do Iguacu during the last four days. The meeting was sponsored by the Institudo Acqua and attended by French and U.S. experts as well as OAS and UNESCO representatives.

The River Plate Basin—the third largest on the planet—presents problems everywhere. The exploitation of natural resources without appropriate guidelines endangers unique ecosystems such as the Pantanal [Mato Grosso's marshlands], the Mata Atlantica [strip of forests along the Atlantic coast], and the Cerrado [central plateau region]. Besides all this, the River Plate basin is the only one whose rivers flow from a tropical to a temperate region.

In the River Plate Basin live 116 million Argentines, Brazilians, Paraguayans, Uruguayans, and Bolivians, whose contribution to their country's GDP's is considerable. With the exception of Bolivia, in January 1995 the other four nations will begin a process aimed at integrating their economies through the Common Market of the South (Mercosur). Rivers will be used as large avenues. Their economic importance also can be measured by their energy-producing capacity: 42,000 megawatts.

Newton Cordeiro, coordinator for South America of the OAS' Regional Environment Department, said: "Changes provoked by agriculture and industry, the existence of numerous dams, and future transportation projects combined with the rain system and the soil quality create risks of flooding, mud slides, and prolonged droughts."

New Technology Uses Nuclear Energy for Medical Use

PY3012014593 Rio de Janeiro O GLOBO in Portuguese 26 Dec 93 p 23

[Article by Yvana Fechine]

[Text] Recife—Federal University of Pernambuco (UFPE) scientists have created a new national technology using nuclear energy to sterilize plastic medical devices. The new technology allows expensive plastic devices that used to be thrown away after use to be sterilized without the risk of contaminating the patient and suffering changes. The nuclear energy also reduces the sterilization cost about 46 times.

Nationally, medical devices are sterilized in a chamber with ethylene oxide (ETO), a toxic gas. But when the plastic parts have more sophisticated forms, there is always the risk the gas will not penetrate all the points of the part, thus failing to sterilize it. There is also the risk that patients will suffer intoxication from the gas residue. The gas is also dangerous to the operators because it can cause cancer.

In the sterilization by nuclear energy, there is no risk of microbiological contamination by the manipulation of the devices. As it goes through the molecular structure, the gamma radiation allows the pieces to be sterilized after they have been packed airtight. There is also no risk of radioactive contamination of the devices.

Being irradiated from a cobalt source, the gamma radiation only interacts with the electrons of the atoms that make up the plastic (polymer) molecules. To be dangerous, the gamma radiation would have to interact with the atomic nucleus.

The technology developed by the team of professor Elmo Silvano de Araujo of the UFPE Nuclear Energy Department is applied to devices produced with a national polycarbonate that is a high-impact plastic used for dialysis, artificial lungs, and bypasses.

Elmo Araujo and his team also are developing the same technology of irradiation for other types of plastics. The great challenge for the researchers is to discover ways to prevent changes in molecular structure that would change the plastic's characteristics.

Since each type of plastic has a different chemical composition, the process of molecular stabilization is also specific. Therefore, it is of little use when the national industry struggles for the transfer of technology already used by European and U.S. makers of medical devices. Araujo said: The national industry is only interested in having their products checked before the radiation.

The gamma radiation (one of the three types of radiation emitted by the atomic nucleus) can cause a loss of resistance and transparency of the material when it affects the polymer. The technology developed by UFPE prevents those two possibilities. It allows medical devices produced with polycarbonate to absorb 98 percent of the energy that interacts on the material without changing its consistency. Araujo also guaranteed 92 percent transparency and 60 percent of the color.

* Allegations of Illegal PT Funding Viewed

94SM0137A Sao Paulo VEJA in Portuguese 1 Dec 93 pp 32-34

[Article: "Sword Over Lula"; introductory paragraph in italics as published]

[Text] *The CPI [Congressional Investigating Committee] on the CUT [Sole Workers Center] is simmering, but the investigations may embarrass the PT [Workers Party].*

The CPI on the CUT has been set up. It was supported by 307 signatures, the deadline for completing its work has been set at six months, and the parties already have been asked to appoint its members. One gets the impression that it is getting off the ground, but such is not the case. As of last week, only the PPR [Progressive Renewal Party] and the PMDB [Brazilian Democratic Movement Party] had named their representatives on the committee. The chiefs of the PFL [Liberal Front Party] and the PSDB [Brazilian Social Democracy Party] met together and decided not to move a finger, at least for the time being—despite the CPI's massive support from the 307 congressmen who approved the opening of this new probe. "All indications are that the CUT is being used to receive money from abroad and pass it on to the PT. That is a crime," says Senator Esperidiao Amin of the PPR, who proposed the opening of a new CPI.

Amin wants to turn the spotlight on the PT, which until now has been spared the mudslinging that is dirtying congressmen from other parties as a result of the CPI on the budget. At the same time, the senator from Santa Catarina is taking the opportunity to erode Luis Ignacio Lula da Silva's candidacy for president of the republic, a candidacy that at the moment is moving ahead with abundant popular support while the other parties collect their dead. The time is right for Amin and, paradoxically, unpleasant for the PT. As far as the country's suspicions are concerned, there are no charges against Lula's party that would put it on the same level as the parties supplying fuel for the CPI on the budget. But there have been growing doubts in recent weeks about the virginity of the Workers Party. Accusations are bursting out all over, and compelling facts are turning up to reinforce them.

The first time he was accused of using a jet belonging to a businessman for his political travels, Lula shrugged his shoulders and said it was not up to him to find out who was paying for travel by party personnel. Two weeks ago, there was a new report that the head of the PT had used another jet, this one belonging to Nutricia, the company that supplied the Sao Paulo municipal government with school lunches when Luiza Erundina was mayor. And for the second time, Lula behaved as though he were traveling in an ordinary seat on VASP [Sao Paulo Airline] with a ticket paid for out of his own pocket. After that there was the episode in which Jair Meneguelli, president of the CUT, accused Senator Amin of having killed his own brother without noticing that the crime in question had actually been committed by the senator's father. When informed of his mistake, Meneguelli did not feel obligated to apologize for his disgraceful remark. Lastly, added to all that are a number of accusations regarding campaign financing irregularities, with the result that the temperature is right for one more promising brawl.

There is nothing to guarantee that this investigation will end by revealing shady conduct deep within the Workers Party, especially since the accusations to date regarding the illegal use of money by PT candidates are inconsistent. If the CPI does get off the ground, however, and particularly if the accusations create more doubt than certainty, we can expect bad weather ahead. In theory, a CPI like this one would move on explosive ground: the theoretical possibility that it would frighten the PT with the threat of cassation [revocation of its political rights].

PCB in 1946—A legal condition is written into the 1988 Constitution and the Organic Law on Parties. Article 17 of the Constitution prohibits political parties from receiving "financial resources" from abroad, the purpose being to guarantee national sovereignty. That ban applies to all entities, public or private, and presumably including even

the multinationals operating in Brazil. It is a crime for the CUT to transfer money from abroad to the PT, just as it is a crime for Mercedes-Benz, whose head office is in Germany, to transfer Deutsche marks into a candidate's bank account.

If it is proven that a party has received money from abroad, the former Law on Parties provides severe penalties. A party that is caught in such a mistake can have its registration revoked and its politicians removed from office. "Strictly speaking, all its elected officials would lose their seats, but the party concerned can argue that the 1988 Constitution gave those organizations greater freedom and that the former law does not apply in its entirety," says a judge of the Federal Supreme Court. According to that judge, violation of the Constitution occurs only if it is proven that the money actually came from abroad. If the CPI obtains evidence showing merely that the CUT passed contributions along to the party but fails to establish the source of that money, no penalty applies. "It would just be illegal money," the judge says. "The legal rule is imperfect. It prohibits but does not provide a penalty."

The idea of moving to revoke the PT's registration is only a possibility of the kind that fascinates intellectuals preoccupied with the anatomy of political crises. But simply opening the CPI was enough to bring immediate reactions in Congress, and some of those reactions have caused nervousness in Lula's ranks. "We are not the PCB [Brazilian Communist Party] of 1946," warns Deputy Jose Dirceu of the Sao Paulo PT. The PCB's registration was revoked in 1946 and its congressmen lost their seats two years later. At the time, the Electoral Court convicted the PCB on the grounds that it was a front organization because it possessed illegal bylaws subordinating it to the Communist International. This time, though, there is a complicated legal process which, especially since it would involve a candidate supported by 33 percent of the voters, would be resolved in the political area if the same problem came before the country again.

The strangest reaction, however, has come from parties that supposedly would be interested in crucifying the PT in the months before or during the next election campaign. "This investigation of the CUT is not a CPI of the traditional kind," says Deputy Luiz Eduardo Magalhaes, leader of the PFL. "A CPI is supposed to examine a specific fact regarding the misappropriation of public money or the endangerment of public property. Foreign financing of a central trade union is not covered." In other words, the PFL, in the words of its leader, is not interested in the CPI at the moment. Neither are some members of the PSDB. They are afraid of seeing a whirlwind of CPI's sweep down on the country in a suicidal atmosphere that will benefit no one in Congress and might even scorch the institutions themselves.

So far, no completely substantiated charges against the CUT, which represents 2,000 unions around the country, have come to light. Senator Amin accuses the CUT of cashing checks from abroad on the parallel market and claims that the highway transport workers union in Sao Paulo's ABC [Santo Andre, Sao Bernardo do Campo, and Sao Caetano do Sul] region sent 203,000 real cruzeiros to the "Organization" (Lula's group in the PT) between April and September 1993. Both charges have turned out to be false. The check for $1,900 that the senator was referring to was cashed with a foreign exchange dealer by the travel agency that took a CUT leader to a meeting in Belgium. "Cashing the check was entirely our responsibility," says Edson Barbosa de Souza, manager of Castellabate Travel and Tourism. And the charge of helping the "Organization" is denied by Oswaldo Cruz, Jr., president of the union making the contribution in question. "It went to the union's 'Organization,' not to the PT," says Cruz. But his denial must not be regarded as a statement by someone trying to sweep dirt under the rug. In an interview with assistant editor Monica Bergamo of VEJA last week, Cruz became the first union leader with 10 years in the CUT and PT behind him to tell what he knows about irregularities in the CUT-PT relationship. According to his statement, there are irregularities.

Photolitho service—Oswaldo Cruz, Jr., 40, has been president of the highway transport workers union since 1984. "At that time, the practice in the PT was to ask for money with which to pay its campaign debts," he says. "As time went on, they began asking for contributions during the campaign, and to make that money legal, they issued receipts in the CUT's name." Cruz says that his union, which collects over 20 million real cruzeiros every month, has never made out a check to the PT. The contributions were made in cash delivered in a brown envelope, according to Cruz. "People would call up asking for money, and we would provide it," he says. "Paulo Okamoto called twice to ask for money during Lula's campaign in 1989," says Cruz, referring to the former president of the PT in Sao Paulo. "That story is surreal. I never asked for money," says Okamoto. Another PT leader, Candido Vacarezza, allegedly telephoned during the 1990 campaign to ask the union to pay his campaign debts. "That is a lie," retorts Vacarezza, who in 1990 was treasurer of Plinio de Arruda Sampaio's campaign for governor of Sao Paulo State. Cruz has at least one piece of evidence that he gave money to the party.

It is a check, made out for the equivalent of $400 in today's money, to pay for advertising material used in last year's municipal election campaign. "There were many times when we made payments like that at the CUT's request. It was money for printing services, T-shirts, pamphlets, a ward heeler's salary, and rent for a campaign committee," Cruz claims. He has no idea how much money was paid out by the highway transport workers union, but he feels that it was "a moderate amount." He admits that in addition to helping the PT's municipal councilors, he contributed to the campaigns of three PSDB candidates. The union leader intends to leave the CUT and join Luiz Antonio de Medeiros's Union Power within the next few days.

Dollars for Maluf—Cruz has a tumultuous history as a union leader. He has been convicted of illegally carrying a firearm and is the defendant in five lawsuits now. "There

are lawsuits charging bodily harm, illegal force, kidnapping, and private imprisonment. All of that happened during strikes. Once we forced a union boss to sign a collective bargaining agreement in a Volkswagen minibus. He went to court and accused me of kidnapping and private imprisonment," the union leader says. There is also a nebulous charge of rape—never confirmed—and bodily harm against a female reporter. That is not a desirable past for someone who is going public with accusations. But neither does it mean that his accusations are unfounded. Cruz is prepared to provide the CPI on the CUT with the documents he has: stacks of old memos issued by the central union. To anyone wanting details sufficient to compromise the PT's leaders, he issues this warning: he never discussed illegal money with Lula or any other highly placed leader in the PT.

The charges by Cruz concerning the illegal diversion of funds to PT candidates are as dust compared to the $5 million that Eduardo Andrade of the Andrade Gutierrez firm sent to Paubrasil to finance Paulo Maluf's election campaign. "If they want to go all the way, I'm game," says Lula. "Let's lift everyone's banking secrecy: candidates, unions, the FIESP [Sao Paulo State Federation of Industries], and the CNI [National Confederation of Industry]. What I won't go along with is an investigation directed only at me and only at the PT. That is discrimination, and it serves purely political interests."

* Amorim on Foreign Policy, Human Rights, Disarmament

94SM0117A Brasilia CORREIO BRAZILIENSE in Portuguese 21 Nov 93 p 30

[Interview with Minister of Foreign Affairs Celso Luiz Nunes Amorim by Luiz Recena; place and date not given: "Democratization Is Also Foreign Policy"]

[Text] **When he took over the General Secretariat of the Ministry of Foreign Affairs, Ambassador Celso Luiz Amorim was also named acting minister. He did not know that because of the impediment faced by Jose Aparecido, he would never give up that position.**

At the age of 51 years, he simultaneously reached the two most important positions in a career that had begun in 1965. He has had a brilliant career including involvement with the economy and culture. Apart from the Ministry of Foreign Affairs, he was a spirited director general of Embrafilme [Brazilian Film Company], which encouraged the controversial "Forward, Brazil."

He still wears a beard, a reminder of the days of Minister Azeredo da Silveira's "bearded ones." It was a time of exceptional creativity in Brazilian foreign policy, but one against which Deputy Roberto Campos still holds a grudge. In this interview with CORREIO BRAZILIENSE, Brazil's minister of foreign affairs summarizes the country's current foreign policy, which is based on democracy, transparence, and human rights.

[Recena] In the speech you gave when you took over as secretary general, you talked about our independent foreign policy. What did you mean?

[Amorim] My reference to independent foreign policy has a very clear connection with the historical moment. What I said was that nowadays, an independent foreign policy is so obvious that it seems redundant to talk about it, because if it is not independent, it is not foreign policy. If it is foreign policy, it has to be independent; that was what I meant. I am not trying to revive a label from the early 1960's.

[Recena] So how is that policy being revealed today?

[Amorim] As the current secretary general, I have had the opportunity, although an unexpected one, to delve into a number of ideas by stressing the importance of noting that from both the economic and the political standpoint, Brazil does not have privileged relations with a single country or even with a single area. Our trade is distributed almost homogeneously among various regions of the world. The latest figures show about 26 percent with Europe, 25 percent with Latin America (of which probably some 20 percent is with South America), 20 percent with the United States, and 16 percent with Asia and the Pacific. And from the economic and commercial standpoint, Brazil cannot have exclusive relations with anyone. It is clear that we have one very important partner: the United States. As an individual partner of Brazil, it is still the most important—the chief market—just as it is also the most important supplier of foreign investments in Brazil. That is a very important relationship, and it must be cultivated with the appropriate care.

[Recena] But....

[Amorim] It is not so important that it excludes anyone else or that, shall we say, it is an overwhelming concern in our relations. The European Community (EC), which now acts as a bloc in many respects and behaves almost like a state in some respects—especially in the area of trade—is more important to Brazil from the economic and commercial standpoint: that is the reality of things. From the standpoint of technological investments as a whole, it also rivals or even outdoes the United States. Latin America's trade has been growing exponentially, especially with the Mercosur [Common Market of the South] countries. We have jumped from a figure of nearly 4 percent of our total trade to about 13 percent. That is an absolutely dizzying rate of growth. The result of all this is that our view of international relations is very specifically Brazilian.

[Recena] In the same week that you delivered your speech, there was criticism of it, and there was also an article by Deputy and former Minister Roberto Campos.

[Amorim] I feel that he did not read the speech himself. He did not read it because, as I said at the beginning, I did not use the label "independent foreign policy" to describe current policy. That would be a redundancy—a pleonasm. I feel that the criticism—I have a great deal of respect for Deputy Roberto Campos; he is a very intelligent man—was certainly more the result of an impression than of

careful reading. Now do not go saying that I must agree with Deputy Roberto Campos on everything. Precisely because I respect his intelligence, I take the liberty of having my own ideas, which incidentally are also President Itamar Franco's ideas.

[Recena] At other times you talk about having our own international agenda.

[Amorim] Let us take things one at a time. From the economic standpoint, there are two major priorities: one is South American integration with the emphasis on Mercosur, but not an exclusive emphasis. The proposal made by President Itamar Franco during the Rio Group's conference in Santiago is very important. It clearly points up the idea that our concept of South American integration includes Mercosur, which is still the main emphasis, but that it also goes beyond that. The other priority in the economic area, although we have less ability to influence matters in this connection, is the strengthening of the multilateral system and, particularly now, the outcome of the Uruguay Round.

[Recena] What do you still expect from that round?

[Amorim] The outcome of the round itself, provided that it is balanced and, even if it does not achieve everything that we would like initially or that others would like, will be important because it will enable international trade to operate according to stable rules and standards, meaning that we will not be at the mercy of arbitrary decisions by the big international powers. So for us, the outcome of the round, even though its results are less ambitious than we hoped initially, is important provided that it is balanced.

[Recena] Is it possible that this year's difficulties in Mercosur will delay things and make regional integration difficult?

[Amorim] I feel that it is a little too early to say exactly what the outcome will be. Actually, the difficulties are arising because the market is beginning to function. If it had not begun to function, the difficulties would not have arisen: if the trade figures had not risen as high as they did, the problem would not exist. The problem is the result of progress. It is necessary to always understand that. When you see criticism of Mercosur and of the short deadlines, it may indeed be true that the deadlines have been short, but if there had not been that dose of voluntarism on the part of the four countries at the beginning, we would not have reached the stage that we have, and it is a very important stage. We need to look at everything that has been accomplished and consider how we are going to continue making progress. Those are the problems we are facing—problems having to do with protectionist resistance on both the Brazilian and the Argentine side, although it has recently been stronger on the Argentine side. It is still a little too early to say whether or not the problems will be solved by extending certain deadlines, but they are and will continue to be the subject of intense negotiations over the next month and a half. The important thing is not to lose the genuine motivation which has been created around Mercosur and which has also been responsible, especially from the psychological point of view, for this great intensification of economic relations, which go beyond trade.

[Recena] To get back to our agenda, what about the political area?

[Amorim] I would also emphasize a few points in the political area. The first concerns the issue of democracy and human rights. Brazil has an active policy regarding human rights and the strengthening of the structures of the state of law. The human rights policy is, once again, also an external reflection of domestic policy. Brazil's domestic policies have evolved in the areas of democracy, greater transparence, and greater respect for human rights, and there have been times when foreign policy has even fallen slightly behind because, let us say, our fears from the past have caused us to have a slightly less committed attitude on those issues. President Itamar Franco's policy is a policy not only of great transparence but of very great commitment in that area. To give you just one example: at the Vienna conference, we proposed that a major UN program be established for technical and financial cooperation in projects concerned with human rights, prison reform, and an improved police apparatus. Brazil has been active in that area. It is an important dimension, and it has guided our foreign policy.

[Recena] Has that new approach to foreign policy in the field of human rights succeeded in slightly altering the image that some countries have of Brazil?

[Amorim] I received a copy of the American Watch report, which makes critical mention of a number of events occurring in Brazil—just as all of us have also made critical mention of those events—but it also acknowledges the commitment by Brazilian authorities to investigating the crimes and punishing the guilty parties. There is recognition of the commitment by President Itamar Franco's administration to improving the human rights situation by attacking the root of the problem—meaning its social causes—while simultaneously attacking its symptoms, which are impunity—the fact that crimes are not investigated. I cannot guarantee that Brazil's image has been changed from water into wine, especially since events are not eliminated overnight. Still on the subject of human rights, I can point out that thanks to that action by Brazil, and for the first time, the Vienna conference adopted a consensus document establishing the principle of the right to development, which is also a human right.

It was an important victory, and it was achieved in large part because of the action by the Brazilian delegation, which was able to mediate the stands of the developing countries.

[Recena] Does our agenda also include the issue of disarmament?

[Amorim] In the area of disarmament and international security, Brazil remained purely passive for a long time. In the area of disarmament, Brazil is not a defendant; it is a plaintiff. Just as we state formally in the Constitution and in our international agreements that we pledge not to have nuclear weapons, so we want to have an area that concerns

us more directly: either the American continent, Latin American in our case, or a denuclearized South Atlantic. There is a sense in which the continent is already covered by the Treaty of Tlatelolco, because there is also the promise by the big nuclear powers that they will not use those weapons in Latin America, but the South Atlantic is still a big vacuum and an area that concerns us directly. For that very reason, we are trying to revive the South Atlantic zone of peace and development, which involver countries in South America and Africa.

[Recena] You are also proposing that the United Nations be strengthened. Why?

[Amorim] I would like to talk about democracy first. Democracy has a vast domestic dimension, but it also has an international dimension. Brazil, always faithful to the principle of nonintervention, does not approve of armed intervention to change systems, but obviously that does not prevent us from supporting the democratic system whenever it is threatened anywhere in the world. There is also an international dimension in the sense of relations between countries—having to do with the very structure of world power—and that is where Brazil's agenda calls for a strengthening of UN mechanisms and the enlargement of the Security Council, because nowadays the Security Council is much more active than it was in the days of the Cold War. Such a situation requires greater legitimacy for its actions, something that will be possible only if the council is enlarged to take into account the new realities of world power, naturally, as well as the various categories of countries—in other words, you could not enlarge the Security Council to include, for example, Japan and Germany while ignoring developing countries such as Brazil. Brazil also wants the UN General Assembly to be strengthened in that context of the democratization of international relations.

[Recena] And how about the environment?

[Amorim] We are continuing to pursue the objectives resulting from the Rio Conference (Rio 92): sustainable development, meaning chiefly the idea that maintaining a healthy environment is fundamental and, moreover, a human right—a right of Brazilians first of all—but also that the obligations we may assume will be viable only if they are matched by a contribution from the developed countries in both financial and technological terms. I feel that the great contribution of the Rio Conference was, first, the fact that it replaced a somewhat static concept of the environment with the dynamic concept of sustainable development—that was a great conceptual contribution.

[Recena] There are touchy areas as far as this issue is concerned, among them the proposals to internationalize the Amazon Region and the idea that there are times when questions of national sovereignty must take a back seat. Has that frightened the most hard-line—most conservative—sectors in Brazilian politics?

[Amorim] First of all, I feel that Brazilian sovereignty in the Brazilian Amazon Region—and that covers 80 percent of the Amazon Region—is not in question. At no time would we allow any discussion on that subject. Sovereignty, by the very etymology of the word, must be absolute; there is no such thing as relative sovereignty. Sovereignty is the area where power is supreme and absolute. That being said, Brazil is not resistant to international cooperation in the Amazon Region, provided that it takes place in accordance with Brazilian interests in sustainable development and in keeping with plans established by us.

[Recena] What about movies? As minister of foreign affairs, do you still have time for the movies?

[Amorim] Well, very little, but they still interest me. When the minister from India was here, for example, and as part of our activities for getting to know each other better, we arranged to sponsor a Sagit Rai festival in Brazil and a Nelson Pereira dos Santos festival in India. They will tour several cities. And in a recent conversation with the Portuguese secretary of state, we discussed the importance of cooperation in the area of moviemaking.

* Iraqi Envoy Seeks Support Against Sanctions

94SM0117E Brasilia CORREIO BRAZILIENSE in Portuguese 13 Nov 93 p 17

[Article by Danubio Rodrigues: "Iraq Seeks Support in Brazil Against Blockade"]

[Text] The secretary general of the Iraqi Ministry of Foreign Affairs, Riadh Kaissi, will arrive in Brasilia tomorrow to talk to his counterpart in the Brazilian Ministry of Foreign Affairs, Ambassador Roberto Abdenur, regarding the Brazilian Government's stands on the sanctions still being imposed on Baghdad as a result of a blockade that has been seriously affecting the life of the citizens. The visitor, who may also meet with Minister Celso Amorim, will make a lengthy presentation of the possibilities for peace that his country would like to see in its attempt to return to international life.

The diplomat will also bring a message from President Saddam Hussein to President Itamar Franco, and he will also call on the Brazilian Government to reopen its embassy in the Iraqi capital, although he realizes that that must be a completely sovereign decision on our part. He is not coming to demand anything, but simply to "exchange ideas" concerning viewpoints on how we, as a member of the Security Council, could examine ways to ease the impasse existing since the Allies invaded Iraqi territory under the command of the United States.

Brazil Opposes Division of Country

For some time now, there have been very discreet official sectors in Brazil who feel that the time has come to stop punishing the Iraqi people (as the current expression puts it), although those sectors do not agree at all with the argument used by Iraqi authorities to justify their attack on Kuwait. One of the arguments for ending the blockade gradually (depending also upon Baghdad's flexibility) is that despite all the military display put on by the West, top leader Saddam Hussein has not been overthrown. Brazil is

radically opposed to dividing up that country as the Americans want to do, feeling that the issue of deposing its leader is a domestic one "provided that he does not attempt other interventionist ventures," as it was explained by a high government official.

It should be remembered that a Brazilian congressional delegation returned recently from Baghdad, where it was treated "with tremendous kindness" by the authorities there, and that a delegation from the Iraqi National Assembly will visit Brasilia in the near future. Those events are considered normal by us, especially since we also have diplomatic relations with Kuwait, whose side we took when it was invaded by Iraq. Furthermore, Brazil does not accept any kind of criticism regarding gestures of this kind because it considers itself an independent nation.

* Trade Accord With Iran May Be Reactivated

94SM0117D Sao Paulo GAZETA MERCANTIL in Portuguese 19 Nov 93 p 5

[Article by Luiza Pastor: "New Payment System May Reactivate Accord Signed With Iran in 1991"]

[Text] Brasilia—The trade agreement that was signed by Brazil and Iran in 1991 may be reactivated following a reworking of its terms. That intention was announced yesterday by Minister of Mines and Energy Paulino Cicero, who has just returned from a visit to Tehran.

The agreement between the two countries provided that Brazil would import Iranian petroleum in exchange for exports of a similar volume of Brazilian products to Iran. The results in practice turned out, however, to diverge sharply from the terms of that agreement. While Brazil imported $1 billion worth of petroleum from Iran in 1992, Brazilian exports to that country were below $300 million.

Because of Iran's risk factor, transactions between the two countries had to be conducted through trading companies, and Brazil even imported products from other countries to meet its commitments to Iran. This year [1993], imports of Iranian petroleum fell to $20 million and have been suspended for several months, according to the minister.

The proposal presented to Tehran by the Brazilian Government calls for the use of a clearing system to handle transactions. "What it will amount to in fact is a big settling of accounts between exporters and importers under the supervision of the central banks of the two countries," he explained.

According to the minister, the Iranian market is valuable to us chiefly from the standpoint of iron and steel production and in particular the sale of data processing services for planning and control in the iron and steel industry. In addition, Iran is interested in the purchase of pellets and "fead pellets" [as published] from the Rio Doce Valley Company and in a bauxite project.

Colombia

Pubic, Admiral, Senator, React to U.S. Troops Arrival

PA2912194993 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 29 Dec 93

[From the "National News" newscast]

[Text] The "National News" has visited the Juanchaco region, where it is said that U.S. soldiers are going to perform social works. The people here do not even know why they are coming here. Unidentified Juanchaco residents have reacted to the visit as follows:

[Begin recording] [Unidentified reporter] What do you think about the Americans' visit here to carry out these works?

[First unidentified speaker] I do not support this. If they were civilians, it would be alright for them to come, but because they are soldiers, one does not know what [words indistinct] they will use. The school or health center could very well be used as a camouflage to establish a base or a fort here in the region.

[Second unidentified speaker] They are bringing Americans to work here. What we do not understand is why they have come to work here. We Colombians are capable of doing this work. We would like an explanation.

[Third unidentified speaker] It is being said that they are going to construct a school, that a hospital is going to be constructed; nevertheless, up to now the government has not explained what is going to be done. If this is going to be done here, why is it going to be constructed here and who will benefit by these works? It is still unknown who those works will benefit.

[Fourth unidentified speaker] Why bring in the Americans? I do not agree with this.

[Admiral Juan Ignacio Rozo, commander of the Pacific Naval Force] In any event, the Juanchaco community had been consulted previously and we had agreed with them as to where the little school and health center would be constructed. [end recording]

Although the people are not sure why the Americans have come, there is fear in the region. It is being said that the gringos had been prowling around the area several months ago and it is not known what can happen.

The Juanchacho residents are beginning to feel uncertainty about the possible arrival of the so-called engineers. According to the residents, it would be no surprise to see DEA agents from the United States in their lands again. Here is what some residents said:

[Begin recording] [Unidentified speaker] Many of us saw them; we saw a helicopter, the ship. There were DEA people wearing vests that had DEA written on them. They even took photographs; in my house they took two or three photographs.

[Reporter] They never said why they came?

[Unidentified speaker] No, they never said anything. They have always been very tight-lipped; they never mingled with the people. They just arrived and then left without saying anything.

[Reporter] Commander Rozo, some Juanchacho residents have expressed fear, because on two occasions, in November and July, they saw DEA agents here near this area. How much truth is there in this, Commander Juan Ignacio Rozo?

[Rozo] I cannot confirm that. Juanchaco is an area open to all tourists. I do not know from where that information is coming. [end recording]

In any case, the presence of foreign troops in our territory—even if these are peaceful missions—must have Congress' approval; nevertheless, the U.S. soldiers arrived just like that. At Congress there were threats of a debate, but this did not materialize. We talked with one of the senators who opposed the visit.

On 14 December, when it was learned that U.S. soldiers-engineers would arrive in Colombia, the first ones to react were some congressmen. According to these congressmen, the government had decided to sidestep the constitutional ruling that mandates that the Senate must approve the presence of foreign forces in the national territory.

[Begin Senator Gustavo Rodriguez Vargas recording] I honestly believe that it is gong to be very difficult for the executive to justify the presence of those foreign troops in Colombia. I honestly believe that one cannot lose the sense of national sovereignty, no matter what the excuse. [end recording]

The debate did not flourish, so meanwhile and regardless of certain Congressmen's annoyance, the landing of U.S. soldiers on Colombian coasts has already started.

'First Friction' Reported

PA3012015293 Santa Fe de Bogota Inravision Televisioin Cadena 1 in Spanish 0000 GMT 30 Dec 93

[From the "24 Hours" newscast]

[Text] The first friction with the North Americans was not long in coming. A photographer of Cali's EL PAIS newspaper was attacked when he tried to take the first pictures of the arrival of the U.S. military personnel. Here is a report by Carlos Julio Bethancur.

[Bethancur] Jorge Hernan Sanchez was at the Mayor's Office in Cali when the telephone rang and someone told him: Get ready, the gringos are arriving at the airport. He left for Alfonso Bonilla Aragon Airport immediately. He was able to gain access to the exact place where the troops were arriving, it was the cargo zone, the restricted zone, and Colombian police did all they could to help him up to a point.

[Begin Sanchez recording] A police agent said: This man is a reporter. I showed my identification and said: I am from EL PAIS. Then I was told: It does not matter. This is a restricted area, you cannot take pictures of us. Please give me the film or I will have to contact Bogota. One of these North Americans told me all this in a very bad Spanish. [end recording]

Those who arrived in this country to build schools and roads did so hiding and apparently with not much desire to let the media know what they are truly going to do in Colombia. With their arrival, they have brought up another question: Since when do foreign missions tell the National Police how to do their duty?

Article Views U.S. Troops

PA2912173793 Santa Fe de Bogota EL TIEMPO in Spanish 26 Dec 93 p 5a

[Article by Rafael Santos]

[Text] The arrival of a U.S. military-engineer battalion—reportedly to construct schools, hospitals, and roads in a very depressed Valle del Cauca region—cannot be taken lightly; neither can one be so simple-minded. U.S. humanitarian actions usually end up bad (look at Somalia). Now, in a nation as violent as ours, with guerrillas and drug-trafficking cartels that pose as nationalists, those soldiers of goodwill could very well become military targets of those who are interested in provoking the giant of the North and leading him into an armed conflict.

Almost always—as far as the multiple gringo interventions in other nations can be recalled—these missions stir up a great deal of suspicion. The public in general considers past experiences. Regarding the case with which we are dealing, it is curious that they chose Valle—headquarters of one of the most powerful drug cartels that is in the process of surrendering to justice—instead of another much more needy region. It is also curious that instead of giving us the economic resources to undertake the works (as if we were incapable of carrying them out) they decided to send us a group of 150 men from "a heavy combat battalion," according to one of its military spokesman, Major Steve Eisenhart.

No matter how you look at it, the U.S. military brigade's visit smells bad. The presentation made and the explanation given by the government and the Armed Forces, through the Navy, are not at all convincing. Valle Governor Carlos Holguin Santos, a serious and prudent man, protested for not being advised of the arrival of U.S. troops to his department. The truth is that it is difficult to understand what U.S. military-engineers are doing in Colombian territory constructing little schools and health centers.

One cannot avoid thinking that these men with such big hearts are going to undertake intelligence work on the organizations that flood the U.S. market with drugs from western Colombia. This reflects somewhat the Pentagon's need or weakness for butting into other nation's internal problems. Now that the cold war is over and the Pentagon has been left without any programs and without much to do, it may be toying with the idea of initiating small-scale wars [mini-guerras], the goals of which would be to go after the remainder of the drug barons. Besides, one must not

forget that the United States has a great deal of influence on certain hard public opinion sectors that would love to see their troops in other nations hunting down drug traffickers.

No matter how you look at it, this is a risky operation. I do not even want to imagine the U.S. reaction if one or several of their soldiers are murdered. I am certain that in less than 24 hours the battalion members would be armed to the teeth and their number would rise from 150 to 1,000. Then there would be a public opinion campaign to hunt down and punish the individuals responsible. Following would come the White House's order to move war ships to Colombian territorial waters, something that more or less is what occurred in Somalia; history has a habit of repeating itself and we already know it by heart. Although it may be a longshot that this could occur in Colombia, it is very good to remember that a goodwill and cooperation mission could suddenly turn into a low level war.

Let us hope that the works will turn out well; the quicker they are completed the better. This is simply for them to leave soon and avoid becoming a headache for the government and Colombians. It could be a dangerous temptation to have so many U.S. soldiers concentrated in the nation's region where so many troublemaking armed groups are running around lose.

It is very untimely as well as suspicious for U.S. troops to end up solving our social problems. There must be something else behind all of this. Let us hope it is not one of those stabs in the back that the military inflicts on presidents. Besides, it is difficult to believe that Gaviria would have given his consent to such a thorny invitation. He could not have fallen into the trap so easily.

Venezuelan Troops at Border Reportedly Support Rebels

PA3012042893 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 30 Dec 93

[Report by Marta Rojas from "24 Hours" newscast; recorded passages within quotation marks]

[Text] [Announcer] Attention, Venezuelan television has just reported that 20,000 troops are being sent to the borders with Colombia and Brazil to defend the country from Colombian guerrillas. Helicopters were also sent to deal with the difficult situation at the border. Let us listen to this revealing testimony from El Flaco, a former ELN [Army of National Liberation] guerrilla:

[Rojas] The Venezuelan guardsman brought the weapons to Colombia.

[El Flaco] "He always brought the weapons to Colombia.

[Rojas] "What had been a rumor for many years was confirmed today, identifying Arauca as a center of clandestine international arms trafficking between the Venezuelan National Guard and ELN and FARC [Revolutionary Armed Forces of Colombia] guerrillas operating in Arauca Department.

[El Flaco] "It was a transfer agreed upon by ELN leaders and a colonel of the Venezuelan guard whose last name is Montes."

[Rojas] El Flaco is a former guerrilla who has carried out many transactions for the ELN since 1988, transactions that involved millions [no currency specified]. He is now negotiating his jail term and an early disposition of his case with the Attorney General's Office. El Flaco disclosed his ties with the Venezuelan military on the Arauca border.

[El Flaco] "The war material was obtained from a garrison during the uprising against Carlos Andres Perez."

[Rojas] Most weapons sent from Venezuela to guerrillas operating in Arauca go across this international bridge, the Jose Antonio Paez.

[El Flaco] "Ammunition is camouflaged in milk trucks. Weapons are packed in cases of whiskey, rum, or cooking oil. They are packed very well. The cases are filled with styrofoam so the contents do not make any noise when they are lifted."

[Rojas] According to El Flaco, members of the Venezuelan National Guard carry the weapons to Arauca, where they deliver them in the urban sector in El Dique, the area between the international bridge and the customs post.

[El Flaco] "I used to make transactions for 24, 40, or 38 million pesos."

[Army Special Operations Commander Colonel Arcesio Barrero] "These weapons come from various parts of the world. There is some ammunition from the Kabil enterprise, which we know is a Venezuelan firm."

[Rojas] In addition to Colonel Montes, information from the Attorney General's Office also implicates guardsman Escalante, who is stationed in El Nula, and inspectors Nunez and Ramos, who operate in La Victoria, all of them members of the Venezuelan guard. It is possible that these same guardsmen will make up the contingent that is supposedly in charge of protecting their country's security border, an operation announced by Interior Minister Carlos Delgado.

Americas Watch Reports Clashes Between Army, Civilians

PA2912223393 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 29 Dec 93

[From the "National Newscast"]

[Text] Clashes between the civilian population and the Army prompted by the latter's actions to fight guerrillas constitute a topic of international interest. The Americas Watch organization, in addition to citing human rights' violations by guerrillas in its last annual report, has also focused on actions by the mobile brigades.

[Begin recording] [Reporter] The Americas Watch report has denounced abuses against the civilian peasant population by the mobile brigades. The report includes statements of this sort:

[Unidentified peasant] The major problem is the bombing because the bombing scares us when we are working, even the children begin to scream.

[Reporter] Americas Watch believes that one of the problems stems from the fact that some of the soldiers operate undercover and wear no identification badge.

[Hernando Valencia Villa, human rights prosecutor] The investigations must begin from there—from determining whether or not the mobile brigades were responsible for a certain action, the identity of the culprits, the circumstances surrounding the action, and so on.

[Hernando Novoa, mobile brigade commander] Subversive movements have definitely been undermined. As a result, we have these campaigns that seek to discredit the Armed Forces, particularly the mobile brigades, in order to stop the operations.

[Reporter] The report includes a list of indiscriminate bombings over rural areas in Antioquia, Santander, Cesar, Bolivar, Meta, Putumayo, Narino, Cundinamarca, and Arauca Departments. However, Americas Watch, the report's author, has itself been the target of controversy.

[Novoa] Unfortunately, this type of organization is somehow linked to subversive movements.

[Reporter] In any case, and what holds true in any war is that civilians are always the ones to pay the consequences. [end recording]

Governor's Statement on Antidrug Operation Criticized

PA2912160293 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0230 GMT 29 Dec 93

[From the "CMI Television Newscast"]

[Text] Government Minister Fabio Villegas angrily complained today to Valle Governor Carlos Holguin for describing a weekend operation against the Cali Cartel as a failure. The governor said that Villegas' complaint was offensive.

The controversy between the two ranking officials began as a result of a letter that Holguin sent to Police Director General Octavio Vargas rejecting the way in which an operation against alleged drug traffickers was executed in Cali.

Villegas responded to the criticism and said that the delivery of suspected drug-trafficking criminals cannot lead to a decrease in operations. In addition, the minister said that in this type of operation one cannot judge about any inconveniences caused and he added that he does not understand the motive of any official who criticizes the authorities involved in these operations.

In another letter, Governor Holguin said that complaint was offensive and that he rejected any attempt to disregard him because he was not questioning the operation as such, rather, the way in which it was executed, a way, Holguin said, that only guaranteed the failure of the operation.

Paraguay

President Appoints Commanders of Armed Forces Institutions

PY2912130793 Asuncion NOTICIAS in Spanish 23 Dec 93 p 45

[Text] In his role as commander in chief of the Armed Forces, President Juan Carlos Wasmosy has assigned officers to their new posts. Colonel Aristides Domingo Ayala has been named the new director of the Military Geographic Service Directorate, replacing Col. Jose Luis Alder Ibanez.

Col. Reinaldo Samaniego Viccini has been named new commander of the Army Officers Advanced Training School, replacing Col. Arsenio Caballero. And finally, Col. Juan Pablo Sisa Diaz has been named commander of the Military Reserve Officers Training Center, replacing Col. Hernan Buniak.

The pertinent decree approving the promotions of officers and other ranks will be made known during the last few days of the year. It must be pointed that there will be no more changes until May 1994, when the Armed Forces Promotions Board meets.

Official Outlines Foreign Investment Guidelines

PY2912200493 Asuncion ABC COLOR in Spanish 29 Dec 93 p 14

[Text] In evaluating 1993, Industry and Commerce Minister Ubaldo Scavone highlighted the fact that the interest of foreign investors in our country will largely depend on the existence of a trustworthy judicial branch that can offer clear guidelines. He also indicated that the economic reforms the country urgently needs were strengthened during 1993.

In this respect, he highlighted the opening of the Stock Exchange. "It is necessary to highlight the fact that the administration of justice must be in accordance with the new times that the country desires, and it much be in such a way that the foreign investor will feel he is protected and thus finally decides to select Paraguay for his investments," the minister emphasized.

"Moreover, we want to point out that the mechanisms for promoting investment that the government has so laboriously put at the disposal of businessmen must be completed with genuine access to an expanded regional market because the confines of our market, which is very small, make it difficult to implement a large-scale market economy," he added.

Referring to the necessary structural changes that would make our nation a "trustworthy country" in an increasingly competitive world, Scavone said that 1993 was a year in which the economic reforms have been implemented and strengthened. In this respect, he stated that the financial reform has been put into being with the sending to Congress of the bill containing the Central Bank's new organizational charter.

"It will be possible to modify the Bank and Financial Institutions Law and the Insurance Law under the rules of this charter. It is hoped that the bill also will include some financial mechanisms such as 'leasing' [preceding word in English], and financial intermediation through the Stock Exchange," Scavone said.

The minister explained that within the reform process, the ministry in 1993 was able to revive the Stock Exchange, which has been active since 11 October, through the promulgation of the Capital Market Law and the reform of the law that grants fiscal benefits for enterprises that quote their stocks on the exchange.

"Between 11 October and 14 November our Stock Exchange has operated to the tune of 5.8 billion guaranies, which is not so bad considering the short time that it has been operating and the difficulties in the maturing of this mechanism in our country due to the lack of tradition and knowledge of our economic operators," said the minister. He added that operations will amount to some 7.5 billion guaranies, some $4 million, by 31 December, in other words, in two months and some days of operations.

Scavone also gave importance to the Industrial Development Fund, which will be used to channel external and internal financial resources to the manufacturing sector through intermediate financial institutions that have been qualified for the task. "It is hoped that the first disbursements can be made in March 1994 as soon as the fund begins to receive resources from abroad. The banks are going to participate with their own resources amounting to approximately 15 percent of the loan," Scavone said.

Peru

Firm Damaged, Guard Wounded in Car Bomb Attack

PA3012031193 Lima Radio Programas del Peru Network in Spanish 0245 GMT 30 Dec 93

[Report by Carlos Enrique Villarreal]

[Text] The explosion of a car bomb has caused a lot of destruction at China de Maquinaria y Equipos del Peru, a firm located on block No. 11, East Javier Prado Avenue in La Victoria District.

According to initial reports, one person was wounded—the security guard of the firm in question. A paramedic unit of Peru's volunteer fire service are treating the guard. Many policemen are guarding the area. Approximately 60 percent of the installations of China de Maquinaria and Equipos del Peru was destroyed. In addition, nearby buildings belonging to auto dealerships were also affected. A light blue Volkswagen was used in this attack. Its license plate no. is DI-8009.

Shining Path Blamed for Attack

PA3012020093 Hamburg DPA in Spanish 2344 GMT 29 Dec 93

[Text] Lima, 29 Dec (DPA)—The office of a nongovernment organization suffered slight damage in Lima today as a result of an attack attributed to the Maoist Shining Path.

Several subversives planted a package containing explosives under the door of the Center for Population Promotion and Development [Centro de Promocion y Desarrollo Poblacional—Ceprodep] the explosion of which caused slight damage to the main door and windows of the building and to 20 nearby houses.

Sociologist Carlos Tapia, who is in charge of Ceprodep, regretted the attack that was apparently perpetrated by Shining Path members. This is the fourth Shining Path attack since 28 December. The attacks have claimed one dead civilian and 36 injured, including 10 policemen and two soldiers, and have caused heavy structural damage.

Report Notes Decrease in Terrorist Activities

PY2912130693 Lima EXPRESO in Spanish 11 Dec 93 p A12

[Text] According to a report issued by the Institute for National Defense Research (Iniden), activities of the terrorist groups Shining Path and MRTA [Tupac Amaru Revolutionary Movement] throughout the country have decreased by nearly 60 percent in November as compared to October. According to the study Iniden conducts every month, the figures give obvious evidence of Shining Path's weakening condition.

The report says that the main reasons behind this weakening are the constant deployment of security forces and the outburst of violence in September, the first anniversary of Abimael Guzman Reinoso's capture.

There were 19 deaths as the result of terrorist actions during November, while in October there were 70 victims. This means that deaths due to terrorism dropped by 85 percent. Most incidents occurred in Lima, Ancash, and Huanuco Departments. A total of 478 individuals lost their lives as a result of the political violence in the country during the year.

The collapse of Shining Path terrorism is visible in the Upper Huallaga region (San Martin-Huanuco). In that region, 202 of President "Gonzalo's" followers recently surrendered under the terms of the Repentance Law.

Iniden reports that last month the police captured 240 alleged terrorists who were later sent to the appropriate police departments for further investigation. A considerable number of terrorists were sent to Lima and other regional jails.

It is estimated that there are 600,000 displaced people throughout the country. In Ayacucho, 52,500 families left their homes and lands as a result of terrorist violence; in Junin 17,000 families had to leave their homes; in Huancavelica 14,500 families left the region; and in Apurimac 13,000 moved out for the same reason. A good number of

these families have begun to return to their lands as a result of the dropping level of violence.

Fujimori on Promulgation of New Constitution

PA3012034793 Lima Panamericana Television Network in Spanish 0106 GMT 30 Dec 93

[Speech by President Alberto Fujimori at a ceremony to promulgate the new Peruvian Constitution at the Government Palace in Lima—live]

[Text] Mr. President of the Democratic Constituent Congress [CCD], Compatriots: Today, a new era begins with optimism because as of now Peru has a new constitution, a constitution that for the first time in the history of the Republic was approved by citizens in a referendum. This genuinely democratic mechanism contrasts clearly with the one in which a constitution was discussed and approved in an Assembly of 100 or 200 citizens, disregarding the opinions of millions of our compatriots.

The new Constitution reflects the deep transformations that occurred in the last 15 years in our society and establishes substantial structural reforms outlined in the three years of my administration to begin a process of integral modernization of the country. This will permit us to overcome the existing gap between a dynamic national reality and a legal order that did not interpret it. This is not the conclusion of a job, Mr. President of the CCD, but a beginning of the same.

A constitution is the framework on which to build a new juridical order. Following the promulgation of a constitution comes an intense legislative effort aimed at developing it.

The 1979 Constitution, which was so vehemently defended by those who considered it only needed some modifications to become an instrument of progress and modernization in Peru, was not developed despite its 12 years of existence. Due to legislative inaction, the preceding constitution became a set of good intentions and declarations of principles. The right to peace, just to mention an example, is a mere declaration, as are such important topics of national interest as health, education, a national control system, among others. This constitution was part of a juridical order consisting of 26,000 laws. This abundance of laws explains contradictorily why a large part of this legal mass not only confuses citizens, but many times support corruption and dodging of responsibilities.

The new Constitution entails a new order and therefore a gigantic task: to reorder the juridical structure and end, once and for all, the legal chaos. That is why the call to defend constitutionality and rescue the previous constitution by a sector of the opposition has been but the defense of an old set of laws. The true defense of constitutionality must always go through effective work by governments, parliaments, to make the benefits of a constitution come true.

Today we are taking the first step toward a new juridical order with the conviction of beginning a job that must not end. That work will not be done behind the people's back. Alien to any kind of historical farce such as the defense of something that never benefited the majority of the people because it was just words, we are ready, with the citizens participation, to make this Constitution the cornerstone of a juridical order capable of guiding the country to development and progress.

This constitution, which obviously could be democratically perfected, offers Peruvians an extraordinary and historic opportunity in the modern world. The people themselves will modify it as we begin an era of genuine peace.

Thus, I urge the Congress to present reform proposals to the citizens to allow them to again voice their opinions. This is neither an unalterable Constitution nor a living reality, as is Peru. The Constitution that will be in force on the last day of this year tells us that democracy goes hand in hand with liberty and justice, that economic growth is the key to social well- being, and that a quality, dignified education is the path to permanent progress. For that reason I announce to the country that beginning on 1 January 1994 a nationwide mobilization program will be launched to achieve an economic takeoff and to consolidate the reforms. [applause]

Here are the main points of the program: Public investment will be considerably increased. No less than $500 million will be earmarked for the construction of highways, rural roads, schools, health centers, coliseums, small stadiums, airports, electricity and health infrastructure, and irrigation projects.

Projects will be implemented with loans approved by international and multilateral credit organizations to make them a reality and to produce immediate results. The housing industry, which is vital for our economy and job generation, will be encouraged through tax measures when they involve mass programs for low-income housing.

We will intensify and extend the social support program of Foncodes [National Fund for Social Development and Compensation] to poor people in the country's most isolated areas. We are talking about infrastructure, which includes roads, canals, bridges, and social services. We will make the necessary corrections dictated by the experience gained over the past three years.

We will intensify the promotion of tourism at home and abroad and will complement that effort with tax measures to encourage private investment in hotel construction. The government will support export activities because they are essential for our growth and as a source of foreign currency.

We will make every effort to eliminate bureaucratic obstacles that prevent the development of this sector and will make the feasible corrections to reduce overcharging. We will continue to improve the tax collection effort by broadening its base, eliminating discrimination, and severely punishing tax evaders.

There will be tax exemptions on importing machinery and vessels to be used in the fishing industry. There will also be

exemptions for certain imports of capital goods, brought in by sea, to be used in the development of our jungles. Fuels to be used in the generation of electricity in the jungle regions will be exempt from the special consumption tax. The current mining reinvestment exemption tax schedule will remain in effect and the privatization of state-owned enterprises will continue and expand.

In the area of agriculture, we are studying a plan to grant land ownership to peasants and farmers to make them the real owners of the land. This means giving them legal guarantees. In doing this we firmly deny the reports that said the Constitution sought to eliminate the properties of the peasant community. We will continue our policy of guaranteeing profitable prices for agricultural produce by way of excise taxes, a policy being applied now for the first time in Peru. The state will give special attention to small and medium business, acquiring certain goods and equipment from them for use in social programs.

As part of the effort to consolidate and expand our reforms, we will give education special priority treatment. We will continue to build schools, equip buildings, and provide schools with libraries and cafeterias. In so doing, we will end the humiliating situation we inherited and lay the foundations for a more extensive reform, which will provide higher-quality education for all in addition to guaranteeing free schooling. I feel we have made progress when I no longer see our children going to schools where they had no more than a small rug to sit on; when I see the peasants come out of the fields to thank us for their land deeds, for an irrigation canal, a mini-hydroelectric plant, or for a road we opened for them to bring their products to market and connect them to the rest of the nation; when I see how our soldiers and police officers have recovered the respect of the community because they have given us back our safety. I also feel, however, that this is not enough and that there is still plenty to be done.

I have mentioned all this as a personal experience, because, as president, I have had direct and permanent contact—from the first day of my government—with realities that those of us who live in Lima and neighborhoods with modern facilities many times ignore. In the very capital, we see shantytowns such as Cruz de Motupe, Montenegro, Pamplona, or Pampa de Polanco in Arequipa, where we see sandy streets; there we see huts that are not the decent housing units the 1979 Constitution refers to. We see such poverty in other towns in the interior, such as Antabamba or Huancazancos, where there are 200 orphans thanks to the terrorist war. We have not seen the materialization of the promise of a new life established in the previous constitution. Isolated, forgotten, the vast majority of Peruvians did not receive a benefit. This must not happen with this new constitution, which must be the great instrument for change.

Mr. CCD President, we are culminating the first stage of the government with the defeat of hyperinflation, the definite weakening of terrorism, the end of international financial isolation, and with political reforms. This is the proper moment to seek a national consensus for human development to go hand in hand with the country's interests.

My government supports the initiative of receiving the help of sectors or persons who wish to contribute with their proposals to the process of national modernization. The points for seeking this consensus could be as follows: First, relaunch the economy aimed at economic growth and job creation; second, set down the basis for a profound educational reform, bring ourselves up to date with current science and technologies, and coordinate that knowledge with work and production; third, strengthen civilian society; fourth, give priority to the most urgent problems of the country's most forgotten villages; fifth, consolidate peace by eliminating the structural injustices of our society.

Convinced that this initiative answers the peoples' call and the goals of the government and Congress, we call on all sectors that want to cooperate with the progress of our fatherland to participate in this summon. We will work together to forge a common destiny of prosperity and progress, a fair homage to those who saw the birth of this Republic and who knew how to defend it with their work and blood.

Today we start a new chapter in Peru's history, a chapter of hope. The new Constitution is a new awakening for Peru. Many thanks. [applause]

Jailed Shining Path Members Accept Guzman's Decision

PY2912200893 Lima LA REPUBLICA in Spanish 16 Dec 93 p 2

[Text] Three hundred Shining Path terrorists, confined in the Miguel Castro Castro prison and grouped under the self-styled "Canto Grande Shining Combat Trench," have issued a communique accepting Abimael Guzman Reinoso's and Elena Iparraguirre's decision to negotiate a peace agreement with the government.

In their communique, the subversives, who describe themselves as "prisoners of war," note: "We support, voluntarily submit to, and endorse (...) the letters that President Gonzalo and Comrade Miriam sent to the president of the Republic, engineer Alberto Fujimori Fujimori."

The terrorists specifically indicate that they support "the talks to reach a peace agreement, whose implementation involves ending a 13-year-old war in our country." Emphasizing their identification with Abimael Guzman's leadership, the imprisoned Maoists stress that the Peruvian Communist Party-Shining Path's [PCP-SL] new slogan now is: "Struggle for a Peace Agreement!"

Apparently, it involves a group of subversives who disagree with the leaders who have replaced Guzman and his followers because in their communique the imprisoned Shining Path subversives note: "The PCP wants peace and no more provocations," hinting at the attacks that shocked our capital during recent weeks, including a long blackout and the explosion of car bombs.

According to police reports, Shining Path hard-liners, led by Oscar Ramirez Durand, Ostap Morote Barrionuevo, Teresa Duran Araujo, and others, are opposed to surrender and, with the assistance of those Shining Path armed units that have not been hit and are prepared to carry out terrorist actions, pursue their plans because "the people's war does not end with the decision of one man; the people's war is a historic necessity dictated by the laws of society."

Outside our country, Luis Arce Borja and Adolfo Olaechea Cahuas, who are making propaganda for the Shining Path in Brussels and London, respectively, have said the laying down of arms is "a hoax, a government maneuver." They stressed that the PCP-SL will not surrender.

Arce Borja and Olaechea Cahuas based their viewpoint on some remarks made by Abimael Guzman Reinoso in July 1988. In his remarks, Guzman Reinoso said the talks "are just aimed at undermining and destroying the people's war."

Shortly after Guzman's capture, the Shining Path terrorists who replaced the arrested and killed leaders released a poster in which they stressed that the fight would continue: "The party's leadership may have disappeared, but the remaining leaders must and can pursue the plans, the struggle, the people's war. We are firmly convinced that the revolution will not stop, will not be paralyzed."

Nevertheless, the communique issued by the Shining Path terrorists imprisoned in Canto Grande, which apparently is a majority group since the opinion of the rebellious group [within the Shining Path] remains unknown, leaves the leadership that insists on pursuing armed actions without important support.

The self-styled "Canto Grande Shining Combat Trench's prisoners of war," including the perpetrators of the most shocking attacks and selective crimes, stress: "We reaffirm our highest and unconditional submission to the single leadership of President Gonzalo and the party's central directorate."

In his letters to the president last October, Abimael Guzman said: "Peace has been achieved to meet a people's need. Yesterday we struggled to wage a people's war. Today, with equal firmness and resolve, we must struggle to achieve a peace agreement."

For several weeks, the Miguel Castro Castro Maoists had their doubts about the authenticity of the letters and a video in which Guzman reads the letters while Elena Iparraguirre, "Comrade Miriam," watches him closely.

After long discussions, however, the Miguel Castro Castro Maoists finally reached a majority agreement and signed an undated communique in which they decide "to close ranks in this new period of our party's life and the contemporary Peruvian society's life."

Miguel Castro Castro is one of our country's most sophisticated penitentiaries. The largest group of our country's terrorists are confined there, with the exception of the Yanamayo penitentiary in Puno Department where top PCP-SL leaders such as Martha Huatay Ruiz, Edmundo Cox Beuzeville, Osman Morote Barrionuevo, Maria Pantoja, and others are confined.

Review of 1993 Police Antidrug Operations

PY2812221293 Lima EL PERUANO in Spanish 12 Dec 93 p A5

[Text] The Peruvian National Police, through the National Antinarcotics Directorate (Dirandro), have seized more than 8 tonnes of basic cocaine paste and cocaine hydrochloride and arrested more than 4,000 persons for the illegal trafficking of drugs during operations at the national level between January and October 1993. Dirandro has also seized valuable chemicals, war materiel, laboratories, houses, and communications equipment. To October 1993, the Dirandro has carried out 3,358 operations and arrested 4,353 persons.

Dirandro agents, who are active in the daily fight against illegal trafficking, say the break up of drug organizations throughout the country is the result of intelligence operations.

Dirandro considers the Huallaga area to be important because it is one of the main regions where cocaine is produced. Dirandro agents say that the various police departments in the area cooperate closely in the capture of traffickers and use special intelligence equipment. Dirandro agents also operate in the Maranon, Tambo, Ene, Tambopata, and Aguaytia coca basins. Operations have been intensified to locate the production centers that harm the country in Caballococha and in the Amazon Trapezium. Peruvian Air Force planes control the airspace, complementing the land and river actions carried out by the other organizations.

Dirandro is acting against the retail sale of drugs and the control of chemicals in urban areas. In accordance with Decree No. 25023, the police organizations implement the rules and regulations regarding chemicals and drugs and determine the control operations.

Venezuela

Troops Reportedly Deployed at Colombian Border

PA3012014493 Mexico City NOTIMEX in Spanish 0102 GMT 30 Dec 93

[Text] Santa Fe de Bogota, 29 Dec (NOTIMEX)—The Venezuelan Government on the evening of 29 December ordered the deployment 20,000 soldiers to the Colombian border, media sources from Caracas reported.

The "Venevision" newscast, which cited military sources and aired video of the operations, reported that the authorities also ordered the deployment of special equipment, helicopters, and heavy artillery to the Colombian border. The soldiers reportedly have 20 trucks to transport the troops and equipment to establish permanent surveillance along the border area. The source assured that Venezuela also reinforced its border with Brazil.

It added that Venezuelan cattleman Jose Romero, who had been kidnapped by Colombian guerrillas, was freed in the first phase of the operation.

In the past days Venezuelan Foreign Minister Fernando Ochoa Antich warned that the so-called "specific commando units" would be deployed to the Colombian border to face the continuous incursions by rebels of the Simon Bolivar National Guerrilla Coordinating Board. The Venezuelan Government claimed that Colombia has abstained from adopting necessary measures to stop kidnappings carried out by the guerrillas in the border area as well as continuous rebel attacks on soldiers stationed on the border.

Ochoa on 28 December announced that the Border Security Council would study measures to be adopted to stop what he described as "violations of his country's sovereignty."

Ochoa on Guerrilla Incursions

PA2912131793 Caracas EL NACIONAL in Spanish 28 Dec 93 p D-2

[Report by Adela Leal]

[Text] Foreign Minister Fernando Ochoa Antich reaffirmed on 27 December that the Colombian Government must make a great effort to prevent the incursion of irregular groups from that country into Venezuela. He said "as a state, Colombia is responsible for preventing guerrilla actions or attacks against Venezuelan military posts from that country."

Ochoa made that statement at Miraflores Palace on 27 December in reaction to reports citing the Colombian government minister, who reportedly said Venezuela can implement all the measures it deems convenient to reinforce security at the border in Venezuelan territory, as the Santa Fe de Bogota government is capable of controlling the situation from the other side of the border.

At the end of a special meeting of the Council of Ministers, the last this year, Foreign Minister Ochoa Antich said categorically the Venezuelan Armed Forces have never consciously violated Colombian territory and by the same token no one can say that Colombian troops have violated Venezuelan territory. He added that what has happened in both cases is that patrols from either country have erroneously entered the other.

The main point is, he added, that we must make consistent efforts to control public order at the border. Colombia is responsible as a state for preventing actions such as kidnappings and guerrilla attacks against Venezuelan military border posts from Colombian territory, Ochoa said.

He admitted his deep concern for the constant harassment by Colombian guerrillas in Venezuela. He said he was very concerned by remarks by Amazonas Governor Edgar Sayago, who presented the situation in his state in such a way "I cannot comprehend as the Venezuelan foreign minister." Specifically, Sayago referred to the alleged presence of Colombian guerrillas in towns in Amazonas State to replenish supplies and to cover other needs.

He admitted and said he has stressed this point on several occasions that the Colombian Government has not done enough to guarantee security at the common border. Despite reiterated requests to Colombian authorities to conduct efforts to restore order in the area, Ochoa said the Venezuelan Government is maintaining relations with the constitutional government of Colombia and not with Colombian irregular forces; therefore, he said, both countries should support actions to fight crime in the border areas.

I am surprised at the Amazonas governor's statement because if what he said is true, as the first regional authority he should execute police actions to control the situation he reported. In addition, he added, I believe he should request support from the National Armed Forces to restore order as necessary in a state bordering Colombia, Ochoa said.

Consulted about a report issued by historian Pablo Ojer in which he mentioned presumed Colombian expansionist plans through camouflaged incursions by the Colombian Army in Venezuela, Ochoa Antich said we cannot talk about an expansionist policy.

What I have stressed on various occasions is the problem that the presence of irregular forces at the border could pose for our farmers in the area due to actions by kidnappers and clandestine immigrations. I have continuously asked Colombian authorities to take action in order to face the current situation, Ochoa said.

Government, Colombia Implement Basin Preservation Accord

PA2912133293 Caracas EL NACIONAL in Spanish 28 Dec 93 p D-2

[Report by Jose Marin]

[Text] Maracaibo—The Venezuelan and Colombian Governments have started to implement an agreement signed in Washington by the ambassadors of the two neighboring countries which calls for the preservation of the Catatumbo Hydrographic Basin.

At a binational meeting held recently in Cucuta the parties agreed to establish, after 17 years of talks, a technical committee to exploit and preserve the basin of the Catatumbo River, which "has been damaged by irrational exploitation by the two countries of their respective upper basins," said Omar Baralt, president of the Venezuelan Presidential Commission on Border Affairs.

Baralt said that the Catatumbo River, with its head waters in Colombia and its drainage into the sea in Venezuela, is an ecosystem that supplies 60 percent of the fresh water that flows into Maracaibo Lake. "We have high stakes in this," he warned.

Colombia rejected in the beginning any understanding claiming principles of sovereignty because it argued that Venezuela was merely offering it participation in the preservation of that basin.

Baralt added that "in view that no agreement was reached then, we insisted over the past 17 years and managed to reach an agreement with OAS assistance to settle sovereignty problems between the two nations." This agreement states that the two nations, through the OAS, will preserve the basin by implementing a medium-run comprehensive plan.

Omar Baralt added that in that zone "not only the basin is being destroyed but there is heavy contamination of the river because the Departments of Santander and Norte de Santander, which contain 85 percent of the population estimated at between 6 and 8 million inhabitants, are along the Catatumbo River."

The president of the commission on border affairs also voiced his concern over the exploitation of coal, which is highly contaminating, which was detected in the Catatumbo Basin.

Velasquez Calls For Improved Election System

PA2912221493 Caracas Venezolana de Television Network in Spanish 1550 GMT 29 Dec 93

[From "The News" newscast]

[Text] In his end-of-year speech to the Anzoategui, Monagas, and Bolivar barracks, President Ramon J. Velasquez said that he and the military high command went through difficult moments and that democratic guarantees always served the Venezuelan Armed Forces as a bulwark.

The times of lies are over in Venezuela, the president said on arriving at Maturin. In delivering his message to the Bolivar State barracks, President Velasquez said that the modifications to the Value Added Tax were the result of careful analysis that took into consideration comments made by President-elect Rafael Caldera. As the president sees it, automation is the only way to prevent fraud in democratic elections.

[Begin Velasquez recording] I hope that the electoral law is reformed so that the results of future governor and general elections may be clearly announced in a matter of hours. Automation is the road. There have been plans in this direction since the end of the 1970's. During the 1970's, election efforts were made to impose automation but that ended in a scandal. This time another effort was made but then came allegations of lack of financial resources, of state resources. There was a conflict about what trademark has the best machines for our electoral system.

We have to overcome this. We have to look for resources. If votes are the basis of the democratic system, then we must guarantee that vote tallying is impeccable. [end recording]

Roundup of Economic Developments Through 28 Dec

PA2812171993

[Editorial Report] The following is a compilation of reports on Venezuelan economic developments monitored through 28 December. Source is cited in parentheses following each item.

According to a Venezuelan Foreign Trade Ministry report issued today, exports between Andean Pact nations rose 29.4 percent from January to September 1993, totalling $2.06 billion. That figure represents a $469-million increase over the same period last year. (Hamburg DPA in Spanish 1343 GMT 23 Dec)

The United States continues to be Venezuela's number one trading partner. The main export product is aluminum and its by-products in iron and steel. Nontraditional exports for 1993 totalled $2.609 billion, while regular exports rose 10.8 percent, totaling $11.029 billion. (Caracas EL GLOBO in Spanish 23 Dec 93 p 12)

The Council of Ministers agreed to reform the Mortgage Holder Law by eliminating state subsidies for over 93,000 home owners who have been paying since 1989 a 19.4 percent interest rate on home loans. They will now have to pay higher current market rates. (Caracas EL GLOBO in Spanish 23 Dec p 2)

The Venezuelan engineering and construction sector this year exported $70 million in services related to energy, petroleum, petrochemistry, construction, transportation, industrial procedures, and sewage. The main markets these services supplied were the Caribbean, 47.2 percent; Central America, 29.09 percent; and the Andean Group nations, 14.55 percent. (Caracas EL DIARIO DE CARACAS in Spanish 23 Dec 93 p 22)

The Central Statistics and Data Processing Office disclosed that 8 million Venezuelans live in poverty. Apure State is the poorest, while the federal district has the highest poverty index. This high poverty index in the capital area translates into crime. (Caracas EL DIARIO DE CARACAS in Spanish 23 Dec 93 p 26)

The Central Bank of Venezuela has reported for 1993 the simultaneous development of two highly negative situations for the nation's economic activity: The GNP fell by 1 percent while inflation rose 46 percent. (Caracas EL NACIONAL in Spanish 23 Dec 93 p D-5)

The privatization process of state-Run companies fell far short this year when only two of the 17 public enterprises slated for privatization passed into private hands. President-elect Caldera said his government will do a "case by case" study before deciding to privatize state-run companies. (Hamburg DPA in Spanish 1632 GMT 24 Dec 93)

The deputy development minister confirmed that foreign investment has grown in the past five months despite the political and financial difficulties Venezuela has been experiencing. Among the companies that will invest in

1994 are Volkswagen, $13 million; McDonald's, $20 million; Plumrose, 1 billion bolivares; Kentucky Fried Chicken, $50 million. (Caracas EL GLOBO in Spanish 26 Dec 93 p 13)

The Andean Pact nations in 1993 traded $2.900 billion, representing a 30.3 percent increase over 1992 figures. Venezuela exported $50 million, mostly to Colombia and Peru, without taking into account fuel exports. The implementation of a common regional customs tariff was postponed until 30 April 1994. (Mexico City NOTIMEX in Spanish 2225 GMT 27 Dec 93)

At a Council of Ministers meeting today, the government agreed to increase the value-added tax to 15 percent on luxury items. Meanwhile, in accordance with President-elect Caldera, the Council also increased the number of products that are exempt from paying the tax. Among the items exempted are bottled drinking water, ice, coffee, cooking oil, and in the service sector, museum and zoo admission and medical services. (Caracas Venezolana de Television Network in Spanish 2350 GMT 27 Dec 93)

The Venezuelan Petroleum Enterprise subsidiary Lagoven contributed 205 billion bolivares to the Venezuelan Treasury, which is 36 million bolivares more than last year. (Caracas Venezolana de Television Network in Spanish 2350 GMT 27 Dec 93)

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